

3 Housing

Under the requirements of State law contained in Article 10.6 Government Code Section 65580 *et seq.*, every city and county in California must prepare a housing element as part of its General Plan. These elements are to be prepared every five years. The housing element must document in detail the existing housing stock and existing and projected housing needs. Responding to these requirements, this chapter profiles Pacific Grove's existing housing, assesses existing and projected needs, analyzes resources available to meet these needs, and reviews governmental and non-governmental constraints on the production of affordable housing. The element covers the period 2000 through 2007.

PUBLIC PARTICIPATION. According to State law, local jurisdictions must "make a diligent effort to achieve public participation of all economic segments of the community in the development of the housing element, and the element shall describe this effort" {65583(c)}. This will make the housing element, and subsequent action on it, serious, effective, politically supported, and truly representative of the widest set of housing needs.

The Housing Element represents the culmination of several months of staff development and community review. The following highlights the public process undertaken to produce this document:

- Housing Committee Meetings on June 25, 2002, July 11, 2002, August 8, 2002, September 12, 2002, and November 13, 2003.
- Joint Study Session/Workshop—City Council, Planning Commission and Housing Committee on August 28, 2002.
- City Council Meeting—Status Report on Element on December 18, 2002.
- The Planning Commission will hold a public hearing to consider the Initial Study, Negative

Declaration, and the Draft Housing Element at its November 20, 2003 meeting.

- The City Council will consider these items and final adoption of the Element at a public hearing on December 3, 2003.

To make public meetings on the draft element meaningful and productive, the City informed a wide range of community groups about the process and content of the review. Background reports, program reviews, and draft policies were developed after extensive staff reviews and input from the community.

Specifically, the City held a number of discussions at a series of Housing Committee Meetings to elicit comments and recommendations from experts in the field of housing, as well as from the community at large. At the September 12, 2002 meeting the Housing Committee reviewed goals, policies and programs contained in the current Housing Element (adopted in 1994) and suggested revisions. On November 13, 2003 the Housing Committee reviewed the public review draft of the Housing Element and unanimously voted to recommend approval by the Planning Commission and City Council.

The Joint Study Session/Workshop meeting notices were sent to various organizations and businesses (40+), individuals and interested parties (60+), radio stations (6), newspapers (7) and television stations (4). The event was also noticed at City Hall and the Public Library. At this meeting participants were provided a presentation on current housing and economic Census data and were asked to comment on additional trends and areas of concern related to housing needs. Participants unable to attend the meetings submitted responses in writing.

The noticing of the November 20th and December 3rd, 2003 public hearings was widely publicized. In addition to a direct mailing of over 140 interested parties, a sizable display ad was published in the local newspaper.

Staff reviewed the information gleaned from these meetings and developed and/or revised goals, policies and actions to address the concerns.

3.1 REVIEW OF THE PREVIOUS HOUSING ELEMENT

The following is a review of the 1994 Housing Element to determine whether the City achieved its five-year goals and objectives and to identify changes needed in the updated housing element.

GOAL 1: Encourage the maintenance, improvement, and rehabilitation of the City's existing housing and residential neighborhoods.

POLICY 1. Encourage private reinvestment in older residential neighborhoods and private rehabilitation of housing.

PROGRAM A. Develop an aggressive program of financial incentives to assist in the maintenance and improvement of housing. *Goal achieved. During the fiscal year periods July 1995-June 2002, the City's rehabilitation loan program funded 32 loans at 3% simple interest with deferred payments. Loans totaled \$740,000.*

PROGRAM B. Develop and distribute information and suggestions to facilitate maintenance and enhancement of housing. *Goal achieved. The City developed and distributed "Architectural Review Guidelines for Single-Family Residences" as well as numerous pamphlets and handouts to assist residents in maintaining and remodeling their homes. Examples of brochures include "Housing Rehabilitation Loan Program," "Historic Resources Inventory," and "Historic Buildings Mass and Scale."*

PROGRAM C. Identify and publicize information about monies available to low-income residents for the maintenance and enhancement of housing. *Goal achieved. Outreach for the City's rehabilitation loan program consisted of the following: display ads, news stories, press releases, public service announcements in print, radio, television and internet, direct mailers, signs, brochures, direct contact with City staff, and presentations to groups, i.e., Board of Realtors, Senior Center, and civic clubs. The City sponsored reverse mortgage seminars and made numerous referrals to financial assistance programs.*

PROGRAM D. Produce an annual Housing Resources Inventory that summarizes the City's efforts to improve its housing stock. *Goal achieved. The Com-*

munity Development Department Annual Report includes a summary of building permit activity and the activities of the Housing Division.

Objective. Annual Housing Resources Inventory. The objective was met as described in Program D.

POLICY 2. Target homes owned by low-income households for rehabilitation assistance under City-operated rehabilitation programs.

PROGRAM E. Identify areas to be targeted for rehabilitation efforts. *Goal achieved. The 1998 Housing Condition Survey identified a target area that had 46% deterioration and a higher poverty level than other areas of the city.*

Objective. Designation of Target Areas. The objective was met as described in Program E.

POLICY 3. Pursue available State and federal funding assistance appropriate to Pacific Grove's needs to rehabilitate housing.

PROGRAM F. Continue to apply for funds under the State's Small Cities CDBG program. *Goal achieved. The City applied for CDBG funds annually. Five Four Planning and four Technical Assistance (PTA) grants totaling \$148,000 and three General Allocation grants totaling \$1,500,000 were obtained in 1994-2001. The PTA grants were for the following topics: Affordable Housing Study, Low Income Senior Housing Study, Housing Conditions Survey and Housing Program Set-up, and Study of Illegal Housing. The General Allocation grants were \$500,000 for a Housing Rehabilitation Loan Program and two \$500,000 grants for Housing-New Construction for Low Income Senior Housing.*

POLICY 4. Preserve existing housing stock by limiting conversions to non-residential uses. *Land Use Policies 27 and 28 and Land Use Programs DD and EE of the General Plan prohibit new office uses in some parts of the R-4 district along Forest, Pine, and Lighthouse Avenues to ensure that the development of offices does not reduce, limit, or degrade the supply of housing or the residential character of those areas.*

POLICY 5. Establish policies and procedures for evaluating applications for demolition of residential structures that would result in reduction of housing stock. *Goal achieved. Municipal Code Section 23.08.205 was amended to provide regulations for treatment of historic secondary housing unit properties. This ordinance discourages demolition of small historic structures and provides housing for special needs populations (seniors, disabled, low-income). Demolition of structures on the His-*

toric Resources Inventory requires discretionary approval at a public hearing.

POLICY 6. Preserve all units at risk of conversion to market rate.

PROGRAM G. The Committee on Affordable Housing will work with non-profit organizations and others to develop a plan for preserving these units. Part 1 of the 1995-1997 Affordable Housing Study was dedicated to researching a plan for preserving at-risk units at 17 Mile Drive Village. No units were preserved; however, the City assisted the very low-income households with relocation efforts and expenses.

Objective. Program in place by the time units are eligible to convert. Preserve 9 low-income and 8 very low-income units at 17 Mile Drive Village. See Program G.

GOAL 2: Provide for a balanced range of housing types and densities for all economic segments of the community.

POLICY 7. Promote the development of a broad mix of housing types, using the current mix of housing as a guide to the type of housing to be approved. The City's zoning regulations provide for a variety of housing types.

POLICY 8. Strive to provide the City's share of the region's housing needs. The City's zoning regulations provide opportunities for meeting the fair-share housing allocation. However, lack of water and extremely high property values severely hamper efforts to produce the City's assigned fair-share housing units.

PROGRAM H. Produce an annual report summarizing progress made toward achieving the City's fair-share housing allocation as determined by AMBAG.

Objective. Annual Report. The objective was partially met; Housing Element reports were completed in 1997 through 1999. Housing activity is also included in the annual report of the Community Development Department.

POLICY 9. Pursue available State and federal funding assistance appropriate to Pacific Grove's needs to develop housing affordable to low- and moderate-income households. Goal achieved. In 2001 the City was awarded a \$1,000,000 multi-year CDBG allocation and \$800,000 loan through the CHFA HELP Program to develop a 49-unit low-income senior housing apartment complex. Additional funds were pursued but have not been secured.

PROGRAM I. Support efforts to meet rehabilitation needs of low- and moderate-income households. Goal achieved. In 1999 the City was awarded a \$500,000 CDBG allocation and a \$150,000 no-interest loan from Wells Fargo Bank for the housing rehabilitation loan program.

Objective. 15 very low-income and 15 low-income units. The objective was met as described in Program A.

POLICY 10. Grant density bonuses as required by State law to promote the inclusion of low-income and senior citizen housing. The City approved two density bonus requests resulting in 17 bonus units for a 49-unit low income senior housing project and two bonus units for another project for a total of 19 bonus units.

PROGRAM J. Review and amend the City's resolution pertaining to density bonuses to assure consistency with State law. Goal achieved. The City's density bonus ordinance was adopted in 1998, to be consistent with State law.

PROGRAM K. Aggressively encourage developers of all new residential projects over five units to take advantage of the density bonus provisions. Goal achieved. The City encourages developers to apply for density bonuses whenever appropriate. However, due to extremely limited resources (primarily water), few projects have been proposed.

Objective. 20 very low-income units, 17 low-income units. The objective was partially met as described in Policy 10.

POLICY 11. Require eligibility screening for buyers/renters and resale/rent controls for the life of the project whenever below-market-rate units are included in a project pursuant to the density bonus program or other local, State, or federal requirements. Goal achieved. The City consistently requires these measures as conditions of the use permits and density bonus agreements. The City also annually monitors these projects for compliance with income eligibility and rent requirements.

POLICY 12. Intersperse units selling below market rate within the project whenever such units are included in a development pursuant to the density bonus program or other local, State, or federal requirements, and require them to be visually indistinguishable from market-rate units. There were no developments proposed that offered home ownership below market rate.

PROGRAM L. In all City housing programs, attempt to match households to appropriately sized units. *Goal achieved. The City conducts an annual monitoring of housing units with occupancy and income level requirements.*

POLICY 13. Encourage public and private housing developments that tend to maintain a mix of owner-occupied and renter-occupied housing.

PROGRAM M. Publish a list of sites suitable for the development of rental housing. *Goal achieved. See 1994 General Plan, Chapter 3 Housing, Figure 3-20.*

PROGRAM N. Inform developers that the City welcomes the construction of rental housing to meet the objectives of this chapter. *Goal achieved. The City meets with developers individually and conveys these objectives.*

PROGRAM O. Involve neighborhood groups in development projects from the beginning to overcome opposition to rental housing. *Goal achieved. In 1996-2002, the City of Pacific Grove conducted several workshops with neighbors and community stakeholders to gain input on the proposed senior housing project. A formal review included several public hearings before the Senior Housing Committee, Affordable Housing Committee, the Architectural Review Board, the Planning Commission, and the City Council.*

PROGRAM P. Allow the conversion of apartments to condominiums when such conversions meet the need and demand and community benefits for affordable home-ownership opportunities. *There were no development requests of this kind.*

PROGRAM Q. Investigate programs which enable the City to aid individual acquisition of affordable apartment conversions to condominiums. *See achievements under Program R.*

Objective. Develop a report.

PROGRAM R. Explore the use of programs that promote home-ownership, especially for first-time home-buyers. *Goal achieved. Part 3 of the 1995-1997 Affordable Housing Study was dedicated to researching the feasibility of providing a down payment assistance program for Pacific Grove residents. Due to housing prices, the program was not feasible during this Housing Element time frame. However, ongoing discussions with the Pacific Grove Unified School District may lead to opportunities to develop a homeownership program.*

Objective. Report on the appropriateness and feasibility of these programs for Pacific Grove. *The objective was met as described in Program R.*

POLICY 14. Within all housing programs, give special attention to the needs of special groups, including the physically and mentally disabled, large families, the elderly, and families with lower incomes. *Goal achieved. All housing programs give special attention to special needs groups.*

PROGRAM S. Produce an annual assessment of the housing needs of Pacific Grove's lower income households, single-person households, and disabled persons. *Goal achieved. The Housing Committee was first established in 1984 as a Community Development Block Grant advisory committee, making recommendations to the City Council concerning grant applications. In recent years the Housing Committee has continued to deal with this issue as well as special needs and other affordable housing matters including senior housing development, housing rehabilitation, rental assistance, monitoring programs, housing studies and surveys as well as Housing Element policies. The Housing Committee meets monthly. The membership of the Housing Committee includes seven members: one Council member, three senior housing advocates and three members with affordable housing interests.*

Objective. Annual Housing Resources Inventory. *The utilization of the Housing Committee (as described in Program S) has proved to be the best method of gathering and disseminating information about housing needs of Pacific Grove residents on a continuing basis.*

POLICY 15. Support increased housing opportunities for people with disabilities. *Goal achieved. Under the 1998 Housing Programs Set-up Grant, the City was able to research several affordable housing program options. As a result of that study, City Council allocated funds for a local rent subsidy program. The program gives priority to households which qualify at the lowest income level, households with members who are mentally, physically, or developmentally disabled, and households with a single parent with minor child(ren). The program serves 17 households per year.*

PROGRAM T. Enforce State requirements for accessibility and adaptability in all new multi-family projects with more than two units. *No new multi-family projects were built. State requirements for accessibility are enforced through the City's building permit process.*

Objective. Make 5 percent of units accessible. *The objective was not met because no new multi-family projects were built during this Housing Element time frame. However, plans were approved for a 49-unit low-income senior*

housing project with 5% of the units fully accessible and the remaining units fully adaptable.

PROGRAM U. Use the City's rehabilitation program to modify existing dwellings for low-income disabled persons. *The rehabilitation loan program supports and encourages modification of dwellings for low-income disabled persons. In 1994-2001, four units were substantially modified to accommodate disabled household members.*

Objective. 5 units. *The objective was partially met as described in Program U.*

POLICY 16. Support shared housing programs operated by local non-profit organizations.

PROGRAM V. Fund, as monies are available, the Alliance on Aging, Meals on Wheels, and other shared housing programs. *Goal achieved. The Alliance on Aging administers the local home share program. The City provided funds in 1994, 1999, 2000 and 2001 in the total amount of \$6,000.*

POLICY 17. Encourage the development of housing for lower income seniors. *Goal achieved. The City partnered with a non-profit housing provider to develop 49 low-income senior housing apartments. City guaranteed staff time, funding, land, and fee waivers to the project. The City contribution is in excess of \$1,000,000.*

POLICY 18. Continue to work with surrounding jurisdictions and non-profit organizations to address the needs of the homeless on a regional basis. *Goal achieved. The City worked collaboratively with the Monterey County Association of Mayors and held a series of public housing forums to hear testimony identifying housing issues and concerns. The immediate result of this effort was the adoption of countywide voluntary rental guidelines and a means of dealing with landlord/tenant affairs, with the intent of preventing tenants becoming homeless. The City continues to work regionally with other jurisdictions toward providing additional solutions and opportunities for meeting housing needs. The City is represented in the Local Homeless Assistance Committee (LHAC). The LHAC is comprised of a team of agencies and individuals committed to the development of a comprehensive, multi-jurisdictional, community-based strategic approach designed to prevent and significantly reduce homelessness in Monterey County.*

PROGRAM W. Cooperate with community-based organizations providing services, or information regarding services, to the homeless. *Goal achieved. The City supports the efforts of the Monterey County Department of Social Services and the Coalition of Homeless Ser-*

vices to secure grant funding for priority projects. [See Policy 18]

PROGRAM X. Revise the Zoning Ordinance to allow emergency shelter and transitional housing facilities by conditional use permit in areas zoned R-3, R-4, or C-1. *This revision has not been done due to other Community Development Department priorities.*

POLICY 19. Work to prevent homelessness by encouraging the development of affordable housing through the housing programs in this chapter of the General Plan. *Goal achieved. The City developed and funds a Rental Assistance Program, which provides up to \$250 per month for 17 very low-income households in the City. The City provided letters of support for funding for Shelter Outreach Plus, Housing Advocacy Council, and the John XXIII Aids Ministry homeless prevention programs.*

GOAL 3. Promote equal opportunity to secure safe, sanitary, and affordable housing for all persons regardless of race, sex, marital status, ancestry, national origin, color, or sexual orientation.

POLICY 20. Increase awareness of remedies for housing discrimination.

PROGRAM Y. Publicize information about the enforcement activities of the California Fair Employment and Housing Commission. *Goal achieved. Fair housing and equal opportunity notices were posted in City Hall and the Community Development Department. The City also worked with the Housing Advocacy Council (HAC) to inform citizens of informational workshops offered by the HAC.*

PROGRAM Z. Continue to participate in public and private efforts to enforce fair housing practices, to mediate reported cases of arbitrary discrimination, and to support the Conflict Resolution and Mediation Center of Monterey County. *Goal achieved. The City provided funds to the Conflict Resolution and Mediation Center in 1994, 1995, 1996, 1997, 1998 and 2001 in the total amount of \$35,225.*

GOAL 4. Designate land at residential densities appropriate to meet the housing needs of the community.

POLICY 21. Continue to designate residential land in appropriate land use and zoning categories as needed to accommodate projected household growth and to maintain normal vacancy rates. *General Plan land use designations and zoning regulations provide for a broad range of housing densities.*

PROGRAM AA. Produce an inventory of vacant, residentially-zoned building sites, including an evaluation of sites suitable for the development of senior housing projects and housing for low-income households, single-person households, and disabled persons. *Goal achieved. The 1995-1997 Affordable Housing Study and the 1996-1998 Low-Income Senior Housing Study each identified sites appropriate for both family and senior housing projects, and evaluated the best sites in detail. An inventory was provided in the 1994 Housing Element (Fig. 3-20). No significant changes are anticipated.*

Objective. Inventory of building sites for affordable housing. *The objective was met as described in Program AA.*

POLICY 22. Provide for redevelopment of under-utilized parcels for moderate-income and above moderate-income housing.

PROGRAM BB. Provide information to the development community on land availability and City policies encouraging moderate-income and above moderate-income housing. *Goal achieved. Sixteen (16) new single family dwellings were constructed on vacant sites, 1994-2000.*

Objective. 1 moderate-income unit, 199 above moderate-income units. *The objective was partially met as described in Program BB.*

POLICY 23. Encourage the inclusion of residential units in future and existing commercial developments in those areas where it is allowed.

POLICY 24. Develop incentives to encourage residential use of upper stories in Downtown buildings.

PROGRAM CC. Inform commercial developers of zoning provisions allowing residential uses in commercial zones and the City's policies favoring such development. *Goal achieved. Five use permit applications for conversion of commercial space to residential space were approved, providing eight housing units in 1994-2000. No rent/income restrictions were required.*

Objective. 15 very low-income units, 10 low-income, and 20 above moderate-income units. *Objective was partially met as described in Program CC.*

POLICY 25. Maintain sufficient land zoned at high density to accommodate the regional fair-share need for very low- and low-income housing. *Goal achieved. R-3 and R-4 zoning districts allow a density of 29 units per acre.*

POLICY 26. Consider quality of life in higher density neighborhoods, the need for space for children to play, landscaping needs, and space for trees. *Goal achieved. The Architectural Review Board reviews projects for consistency with guidelines that preserve and enhance the quality of life in all neighborhoods.*

PROGRAM DD. Keep an up-to-date inventory of sites showing the potential for low-income housing. *Goal achieved. See Program AA.*

PROGRAM EE. Report annually on the City's progress in meeting its fair-share housing targets, and supplement the report with an analysis of land available for low-income housing.

POLICY 27. Encourage redevelopment of underutilized parcels for low-income housing.

PROGRAM FF. Provide information to the development community and non-profit housing developers on land availability and City policies encouraging low-income housing. *Goal achieved. Staff met with for-profit and non-profit housing developers on an individual basis as requested, and provided information during an RFP process for the development of a low-income senior housing project.*

Objective. 29 very low-income units plus 6 low-income units. *The objective was not met.*

POLICY 28. Allow, as required by State law, the installation of mobile homes and factory-built housing on permanent foundations in areas zoned for single family housing, in accordance with residential design standards administered by the City.

PROGRAM GG. Maintain existing zoning provisions permitting mobile homes and factory built housing in single family residential zones. *Goal achieved. Existing zoning provisions were maintained permitting mobile homes and factory built houses in single-family residential zones. No applications of this type were submitted.*

POLICY 29. Protect the existing mobile home park from conversion to other uses.

PROGRAM HH. Maintain the existing R-1-M-H zoning for the Monarch Pines Mobile Home Park. *Goal achieved. R-1-M-H zoning was maintained; all units preserved.*

Objective. Preserve 103 units. *The objective was met as described in Program HH.*

POLICY 30. Provide public facilities and services in support of new housing construction and the revitalization of older neighborhoods. *Goal achieved. The City adopted and subsequently reviewed a Target Area Revitalization Plan.*

POLICY 31. Work aggressively with the water district and other Monterey Peninsula cities to find long-term solutions to the water problem, to increase the water available for residential uses, and to provide for drought protection. *The Joint Planning Commission/City Council Water Issues Committee, established in 1995, worked with City staff in seeking both short-term and long-term water solutions; some recommendations have yet to be implemented. The City was represented on the Monterey Peninsula Water Management District's Political Advisory Committee and Technical Advisory Committee.*

POLICY 32. Cooperate with the Pacific Grove Unified School District in coordinating new residential development with the expansion of school facilities. *Goal achieved. The City supports efforts by the Pacific Grove Unified School District to study the feasibility of developing affordable housing combined with adult education.*

PROGRAM II. Provide a copy of the draft housing element to the Pacific Grove Unified School District for review and comment. *Goal achieved.*

Objective. School district review and comment. *Objective met.*

POLICY 33. Ensure that City policies, regulations, and procedures which require fees and exactions do not add unnecessarily to the costs of producing housing while assuring the attainment of other City objectives. *Goal achieved. All discretionary, building and plan check fees were waived for the rehabilitation loan program. In 1995-2001 the City waived more than \$20,000 in development fees for the loan program. Additionally, the City committed to waiving all development fees associated with the senior housing project (an estimated \$99,000).*

PROGRAM Jj. Review City fee structures every two years to assure that the cost of services and exactions does not exceed actual costs to the City. *Goal achieved. The City fee schedule continues to be reviewed on an annual basis.*

POLICY 34. Facilitate production of low-income secondary units in accordance with the 1992 secondary housing unit ordinance. *Goal achieved. Two secondary housing units were approved.*

PROGRAM KK. Amend the City fee structure to waive fees for secondary units for very low- and low-income households. *The existing fees remain low and are not considered a deterrent to developing secondary housing.*

Objective. 15 very low-income, 3 low-income units. *The objective was partially met as described in Policy 34.*

PROGRAM LL. Permit owners of existing illegal secondary units to obtain legal status for them if the units conform with the standards required under the 1992 secondary housing unit ordinance. *Goal achieved. Three existing units were legalized.*

Objective. 10 units legalized. *The objective was partially met as described in Program LL.*

POLICY 35. The City will consider relaxing development standards on a case-by-case basis in order to meet affordable housing goals. *Goal achieved. An Interim Enforcement Policy was established that has temporarily legalized two housing units with income/rent restrictions for very low-income tenants. An additional unit was legalized under current zoning regulations.*

GOAL 5. Encourage energy efficiency in both new and existing housing.

POLICY 36. Require the use of energy conservation features in the design of all new residential structures and promote incorporation of energy conservation and weatherization features in existing homes.

PROGRAM MM. Enforce state requirements, including Title 24, for energy conservation in new residential projects. *Goal achieved. The City reviews all new residential construction and additions for compliance with energy conservation requirements. Residential construction has the option of complying with prescribed standards or demonstrating through energy calculations that the structure independently meets the energy conservation goals. According to the City's Building Official, most residential construction provides energy calculations and customizes how they will meet energy requirements. Implementation of this law saves countless amounts of energy.*

Objective. Energy conservation in all new units. *The objective was met as described in Program MM.*

PROGRAM NN. Post information on currently available weatherization and energy conservation programs. *Goal achieved. Staff provides mandatory energy requirement information (MF1R) to building permit applicants. Pacific Gas & Electric program flyers are made available when provided to the City.*

POLICY 37. Encourage the design of all new residential developments to take advantage of solar access, to the extent practical.

PROGRAM OO. Encourage residential developers to employ additional energy conservation measures with respect to the siting of buildings, landscaping and solar access. *Goal achieved. These measures are encouraged through design review when appropriate and through new building program called "Building Green."*

POLICY 38. Continue to work with the Monterey County Housing Authority in administration of its housing programs. *Goal achieved. The City worked closely with the Housing Authority in the development of the senior housing project and to encourage Pacific Grove landlords to participate in the Section 8 Program. The City-funded rental assistance program serves as a bridge between very low-income Pacific Grove tenants and the Section 8 Program. City staff has initiated and been successful in working with landlords to transfer from the City's rental assistance program to the Section 8 Program in an effort to secure long-term affordability for tenants.*

PROGRAM PP. Investigate the use of financing techniques such as mortgage revenue bonds, mortgage credit certificates, or mortgage-backed securities to assist in the development and acquisition of affordable ownership and rental housing. *Goal achieved. The Affordable Housing Study and the Low-income Senior Housing Study each identified funding sources for the development of affordable housing.*

Objective. Report on the feasibility of these techniques for Pacific Grove. *The objective was met as described in Program PP.*

PROGRAM QQ. Request the Monterey County Housing Authority to increase the number of housing units in the Section 8 rental assistance program in Pacific Grove. *Goal achieved. The number of Section 8 vouchers available to Pacific Grove residents has increased and the City works closely with the Housing Authority to encourage the use of more Section 8 rent subsidies in the City. As of August 2003, 54 vouchers were being utilized in Pacific Grove.*

Objective. Provide rental assistance for approximately 40 additional very low-income households. *The objective was met as described in Program QQ and Policy 19.*

POLICY 39. Monitor and report annually on progress in meeting housing goals.

PROGRAM RR. Institute and periodically update a housing resources inventory to guide housing related

activities. *Goal achieved, see review comments in Program S.*

POLICY 40. Maintain consistency of the Housing Chapter with other chapters of the General Plan.

PROGRAM SS. Review and revise the Zoning Ordinance as necessary to accomplish the following: Ensure consistency with the General Plan in terms of zoning districts and development standards. Ensure consistency with the General Plan in terms of distribution and boundaries of zoning districts. *This is an ongoing process of amending and refining the City's Zoning Ordinance.*

3.2 POPULATION AND HOUSEHOLD CHARACTERISTICS

The population of Pacific Grove grew slowly during the 1980s, increasing from 15,755 to 16,117 in 1990. By contrast, the 2000 population was 15,522—a 3.7% decrease from 1990 and 233 persons less than in 1980. The 2000 population included 175 persons living in group quarters; the remaining 15,347 lived in the city's 7,316 households.

Each household had an average of 2.10 persons, a slight reduction from 2.16 in 1990. (See Figure 3-1.)

The U.S. Census distinguishes between family households and non-family households. In 2000, 10,907 persons lived in Pacific Grove's 3,973 families. The average number of persons per family was 2.75. A family is "a household with at least two people who are related, one of whom must be the householder." The relationship may be by birth, marriage, or adoption. The family definition includes married couples as well as single-parent families.

**Figure 3-1
Population**

	1990	2000
Persons	16,117	15,522
Persons in Group Quarters	230	175
Household Population	15,887	15,347
Number of Households	7,342	7,316
Persons per Household	2.16	2.10
Persons in Families	11,276	10,907
Number of Families	4,121	3,973
Persons per Family	2.74	2.75

Source: U.S. Census, 1990 and 2000

Married couples made up 41.7 percent of the city's households, but only a third of these families had related children under age 18 living in the household. Female-headed households, with no husband present, were about 9.6 percent of households, and 55% of them have children. (See Figure 3-2.)

Although families make up more than half of Pacific Grove's households, non-family households are nearly

46 percent of the total. Of these, four-fifths have only one person. Non-family households with more than one person account for 8.9 percent of all households.

Females comprise 53.8% of the population, males 46.2%. Persons age 60 and older make up 24% of the population. (See Figure 3-3.)

96.3% are of one race, 3.7% are of two or more races. (See Figure 3-4.)

**Figure 3-2
Types of Households**

	2000	
	Number	Percent
Total Households	7,316	100.0%
Family households	3,973	54.3%
With own children less than age 18	1,580	21.6%
Married Couple Families	3,049	41.7%
With own children less than age 18	1,081	14.8%
Female householder, no husband present	701	9.6%
With own children less than age 18	386	5.3%
Non-family households	3,343	45.7%
Householder living alone	2,691	36.8%
65 years and older	1,041	14.2%
Households with individuals less than age 18	1,707	23.3%
Households with individuals age 65 and older	2,219	30.3%

Summary Comparison				
	1990		2000	
	Number	Percent	Number	Percent
Family Households	4,121	56.1%	3,973	54.3%
Non-family Households	3,221	43.9%	3,343	45.7%
Total Households:	7,342	100.0%	7,316	100.0%

Source: U.S. Census, 1990 and 2000

Data in each figure in this chapter reflect the source from which it is derived. Sometimes, however, sources differ in the methods they use, and this can produce apparent discrepancies in the data

Figure 3-3
Population by Gender and Age

	Number	Percent
Gender:		
Male	7,167	46.2%
Female	8,355	53.8%
Age:		
Under 5 years	558	3.6%
5 to 9 years	673	4.3%
10 to 14 years	955	6.2%
15 to 19 years	874	5.6%
20 to 24 years	587	3.8%
25 to 34 years	1,742	11.2%
35 to 44 years	2,449	15.8%
45 to 54 years	3,001	19.3%
55 to 59 years	958	6.2%
60 to 64 years	688	4.4%
65 to 74 years	1,371	8.8%
75 to 84 years	1,239	8.0%
85 years and over	427	2.8%
Total Population	15,522	100.00%
Median Age (years)	44.7	

Source: U.S. Census, 2000

Figure 3-4
Race and Ethnicity

	Number	Percent
One Race:	14,943	96.3%
White	13,665	88.0%
Black or African American	177	1.1%
American Indian and Alaska Native	86	0.6%
Asian	698	4.5%
Asian Indian	30	0.2%
Chinese	144	0.9%
Filipino	106	0.7%
Japanese	180	1.2%
Korean	138	0.9%
Vietnamese	27	0.2%
Other Asian 1	73	0.5%
Native Hawaiian and Other Pacific	41	0.3%
Native Hawaiian	4	0.0%
Guamanian or Chamorro	16	0.1%
Samoan	1	0.0%
Other Pacific Islander 2	20	0.1%
Some other race	276	1.8%
Two or more races:	579	3.7%
Hispanic or Latino and Race:		
Hispanic or Latino (of any race)	1,108	7.1%
Not Hispanic or Latino	14,414	92.9%
Total population	15,522	100.0%

Source: U.S. Census, 2000

3.3 HOUSING PROFILE

3.3.1 Housing Growth and Composition

Between 1970 and 1980, the number of housing units in Pacific Grove increased by 27.7 percent, from 5,968 to 7,624 units. Included in this increase were the 1,040 units added with the annexation of Del Monte Park in 1973. Between 1980 and 1990, the number of units increased by 3.8 percent to 7,916. The increase from 1980 to 1981 includes 88 detached single-family dwellings that were acquired in the Asilomar annexation. The increase from 1986 to 1987 includes 84 apartment units that were constructed at 17 Mile Drive Village. The increase in housing units slightly exceeded the 2.02 percent increase in households during the 1980s. (See Figure 3-5.) By contrast, between 1990 and 2000 the number of units increased by only 1 percent to 7,998.

In 2000, single-family units accounted for 67.9 percent percent of all units, with the remaining 32.1 percent distributed among two- to four-unit structures (12.2 percent), developments of five or more units (18.8 percent), and mobile homes (1.1 percent). Figure 3-6 shows a detailed breakdown of the types of units.

3.3.2 Occupancy and Vacancy Rates

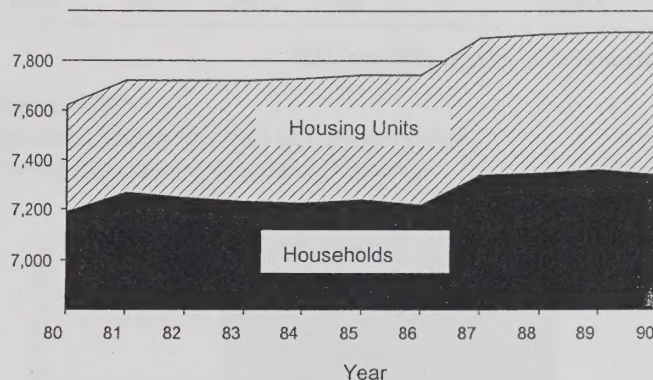
Of the city's 8,032 housing units, 7,316 were occupied by households in 2000. (See Figure 3-7.) The households were nearly evenly divided between owner-occupants (49.3 percent) and renters (50.7 percent). The remaining 716 units (8.9 percent) were vacant as of April 1, 2000, the date of the Census. Based on past experience, the City staff believes that the vacancy rate measured by the U.S. Census overstates the number of vacancies in Pacific Grove.

The California Department of Housing and Community Development (1987 *California Statewide Housing Plan, Phase I*) suggests that an overall vacancy rate of 5.0 percent in urban areas generally indicates a market reasonably well-balanced between supply and demand. Therefore, the 8.9 percent vacancy rate in Pacific Grove would seem to indicate adequate consumer opportunity for mobility and choice in living accommodations. However, many of these vacant units were not available to housing consumers: 458 of the vacant units were counted as seasonal vacancies, i.e., they were only temporarily vacant, awaiting the return of owners or tenants at a different time of the year. Seasonal vacancies more than doubled from 203 in 1990 to 458 in 2000, an increase of 126 percent. An additional 89 units were vacant for unspecified reasons, and 31 had been rented or sold but not yet

occupied. Only 100 units (1.4 percent) were available for rent and 38 (0.5 percent) were available for sale. Because so many of Pacific Grove's vacant units were not on the market in 2000, the effective vacancy rate was lower than ideal at 1.9 percent.

The occupancy of units varies by type. Larger buildings are occupied almost entirely by renters, while single-family homes are occupied primarily (although not entirely) by owners. 27.9% of single-family homes were occupied by renters. (See Figure 3-8.)

Figure 3-5
Housing Unit and Household Growth, 1980-1990



Source: California Department of Finance, 1992

Figure 3-6
Number of Units by Type of Structure

Units In Structure	1990		2000	
	Number	Percent	Number	Percent
Single-family residences	5,319	67.2%	5,426	67.9%
2 units	501	6.3%	464	5.8%
3 or 4 Units	437	5.5%	513	6.4%
5 to 19 Units	978	12.4%	903	11.3%
20 + Units	482	6.1%	601	7.5%
Mobile Homes	199	2.5%	91	1.1%
Total	7,916	100.0%	7,998	100%

Source: U.S. Census, 1990 and 2000

Figure 3-7
Housing Occupancy

	1990		2000	
	Number	Percent	Number	Percent
Total Units	7,916	100.0%	8,032	100.0%
Occupied	7,342	92.7%	7,316	91.1%
Owner	3,508	44.3%	3,607	44.9%
Renter	3,834	48.4%	3,709	46.2%
Vacant	574	7.3%	716	8.9%
For rent	168	2.1%	100	1.4%
For sale	83	1.1%	38	0.5%
Rented/sold	64	0.8%	31	0.4%
Seasonal	203	2.6%	458	6.4%
Other	56	0.7%	89	1.2%

Source: U.S. Census, 1990 and 2000

Figure 3-8
Occupancy of Housing Units by Type of Structure

	Owner-occupied			
	1990		2000	
Structure Units	Number	Percent	Number	Percent
Single-family	3,260	61.3%	3,360	61.9%
Duplex	58	11.6%	70	15.1%
3 or 4 Units	23	5.3%	40	7.8%
5 to 19 Units	52	5.3%	20	2.3%
20+ Units	3	0.6%	23	3.8%
Mobile Home and Other	112	56.3%	65	71.4%
Total	3,508	44.3%	3,578	44.7%

	Renter-occupied			
	1990		2000	
	Number	Percent	Number	Percent
Single-family	1,641	30.9%	1,518	27.9%
Duplex	402	80.2%	378	81.5%
3 or 4 Units	376	86.0%	432	84.2%
5 to 19 Units	886	90.6%	830	94.0%
20+ Units	457	94.8%	552	91.8%
Mobile Home and Other	72	36.2%	8	8.8%
Total	3,834	48.4%	3,718	46.5%

	Vacant			
	1990		2000	
	Number	Percent	Number	Percent
Single-family	418	7.9%	548	10.1%
Duplex	41	8.2%	16	3.4%
3 or 4 Units	38	8.7%	41	8.0%
5 to 19 Units	40	4.1%	53	3.7%
20+ Units	22	4.6%	26	4.3%
Mobile Home and Other	15	7.5%	18	19.8%
Total	574	7.3%	702	8.8%

Source: U.S. Census, 1990 and 2000

3.4 HOUSING AGE AND CONDITION

In 1998, funded by a planning and technical assistance grant from the California Department of Housing and Community Development (HCD), the City conducted a housing condition survey. The survey was conducted by a door-to-door physical examination of the condition of the unit's foundation, roof, siding, windows, and electrical service. In addition, a brief mail-in questionnaire pertaining to interior conditions was hand delivered. Approximately 15% of the recipients of this questionnaire mailed in responses that were used to supplement the results of the exterior survey.

The survey results were reported according to a system recommended by HCD that classified units as either sound or in need of various levels of rehabilitation (minor, moderate, or substantial) or dilapidated. Details of the survey can be found in the 1998 Housing Condition Survey Final Report. Figure 3-9 summarizes the survey findings.

Many units need rehabilitation simply because they are old. As of 2000, three-fifths of the City's housing units had been constructed before 1960 and a quarter (2,041) were built before 1940. Many of these units were originally constructed for seasonal use and have single-wall construction and inadequate electrical wiring. (See Figure 3-10.)

3.4.1 Housing Age and Condition: Goals, Policies, and Programs

This section begins the listing of housing goals, policies, and programs. The following goals, policies, and programs focus on the City's efforts to rehabilitate and conserve its housing stock.

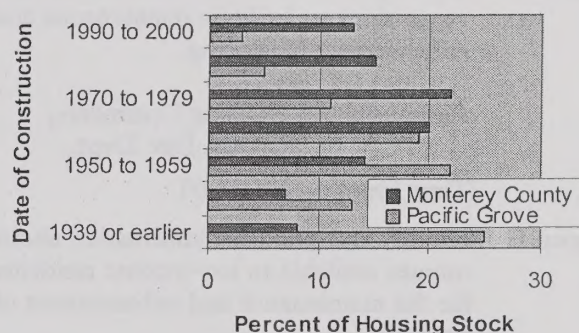
Note that housing programs, unlike the programs in other chapters of this Plan, also show who is responsible for carrying out the programs and when. If possible, they also provide a "quantified objective"—the number of housing units likely to be affected (rehabilitated, conserved or built) by the program during that period.

Figure 3-9
Housing Condition Survey Results

	Number	Percent
Number of Dwelling Units Surveyed	7,557	100.00%
Condition:		
Sound	5,591	73.99%
Need Rehabilitation:	1,963	25.97%
• Minor	1,285	17.00%
• Moderate	619	8.19%
• Substantial	59	.78%
Deteriorated (need demolition)	3	.04%

Source: Community Development Department, December 1998

Figure 3-10
Housing Stock by Date of Construction
Pacific Grove and Monterey County



Source: U.S. Census, 2000

GOAL 1 Encourage the maintenance, improvement, and rehabilitation of the City's existing housing and residential neighborhoods.

POLICY 1 Encourage private reinvestment in older residential neighborhoods and private rehabilitation of housing.

Program A Develop an aggressive program of financial incentives to assist in the maintenance and improvement of housing.

Responsibility: City Council, Comm. Dev. Dept.

Time Frame: FY 03-05

Program B Develop and distribute information and suggestions to facilitate maintenance and enhancement of housing.

Responsibility: Housing Committee, Comm. Dev. Dept.

Time Frame: FY 03-05

Program C Identify and publicize information about monies available to low-income residents for the maintenance and enhancement of housing.

Responsibility: Housing Committee, Comm. Dev. Dept.

Time Frame: Ongoing

Program D Produce an annual report that summarizes the City's efforts to improve its housing stock.

Objective: Annual report

Responsibility: Housing Committee, Comm. Dev. Dept.

Time Frame: FY 03-04 and annually thereafter

POLICY 2 Target homes owned by low-income households for rehabilitation assistance under City-operated rehabilitation programs.

Program E Identify areas to be targeted for rehabilitation efforts.

Objective: Designation of Target Areas

Responsibility: Housing Committee, Comm. Dev. Dept.

Time Frame: FY 03-04 and annually thereafter

POLICY 3 Pursue available State and federal funding assistance appropriate to Pacific Grove's needs to rehabilitate housing.

Program F Continue to apply for funds under the State's Small Cities CDBG program.

The City will continue to make affordable housing rehabilitation a high priority for the use of CDBG funds.

Responsibility: City Council, Comm. Dev. Dept., Housing Committee

Time Frame: FY 03-04 and periodically thereafter

3.5 DEMOLITION AND CONVERSION

Unless they are replaced, units lost from the existing housing supply can adversely affect the availability and affordability of housing. While most units are lost through demolition, some may be lost when a residential structure is used for commercial purposes. The City encourages preservation of its current housing stock by limiting demolitions and conversions. The City's policies and regulations regarding nonconforming uses also encourage preservation of older housing, particularly duplexes and apartments which exceed current zoning and densities.

POLICY 4 Preserve existing housing stock by limiting conversions to non-residential uses.

Also see Land Use Policies 27 and 28 and Land Use Programs DD and EE. They prohibit new office uses in some parts of the R-4 district along Forest, Pine, and Lighthouse Avenues to ensure that the development of offices does not reduce, limit, or degrade the supply of housing or the residential character of those areas.

The Municipal Code prohibits transient use of residential property for remuneration. Transient is defined as a period of time less than 30 consecutive calendar days. This regulation prevents conversion of housing units to visitor-serving units.

POLICY 5 Preserve existing housing stock by regulating demolition of historic buildings.

The majority of the over 1,200 buildings on the City's Historic Resources Inventory are residential structures. Demolition of structures on the Historic Resources Inventory requires discretionary approval following a public hearing. Small historic homes may become second units, providing housing for small households and for special needs populations (seniors, disabled, low income).

3.6 AT-RISK UNITS

Federal, State, and local government programs have provided both low interest loans and rent subsidies to private developers of multi-family rental housing. In return, developers were required to build and operate their rental projects under agreements which established a schedule of below-market rents for lower income households. The restrictions to low-income occupancy were set for a limited period of time, usually in accordance with the length of term of the government subsidies. When the low-income occupancy restrictions expire, the owner may convert the units to market rate rentals.

The potential impact of conversion on the state's affordable housing stock is significant. From 1990-2005, 117,000 low-income rental units in California could convert to market rate. According to a report entitled "FYI: Permanently Affordable Housing" (California Senate Office of Research, January 2003), lost and at-risk units total more than 55 percent of California's stock of federally assisted multi-family housing.

The housing element is required to identify the number of units at risk of conversion to market rate between 2000 and 2012 (this housing element period and the next five-year period).

An "Inventory of Federally Subsidized Low-income Rental Units at Risk of Conversion" shows that there are no federally subsidized units in Pacific Grove that are at risk. The Housing Authority of Monterey County has verified that there are no other subsidized units at risk in Pacific Grove.

Six properties in the city have obtained use permit or variance approvals that resulted in the creation of 13 affordable housing units. One low income unit reached the end of its affordability restriction in 2003. Nine units will remain affordable until 2017. The other three units are affordable for the life of the units.

3.7 HOUSING NEEDS

3.7.1 Pacific Grove's Share of Projected Regional Needs

State law (Government Code §65584) requires each regional council of governments to estimate the future housing needs for its region and to allocate a "fair share" of the regional need to each locality. For the Monterey Bay Area, these determinations are made by AMBAG. The projected housing needs are based on projected population growth, employment growth, commute patterns, and sites available for development. AMBAG's determination also takes into account the need to achieve a vacancy rate that provides a range of choices for those seeking housing.

In October 2002, AMBAG adopted its *Regional Housing Needs Plan* for Monterey and Santa Cruz Counties for the years 2000 through 2007. For this period, the total projected need in the Monterey Bay region is 23,130 units. Pacific Grove's "fair share" of the regional need was calculated to be 246 units.

AMBAG's housing unit allocation is differentiated by income, to meet the State goal of providing housing affordable to all income groups. The income groups are defined as:

Very low-income: less than 50 percent of the area median;

Low-income: 50 to 80 percent of the area median;

Moderate-income: 80 to 120 percent of the area median; and

Above moderate-income: greater than 120 percent of the area median.

Figure 3-11 shows AMBAG's projected fair share distribution for Pacific Grove for 2000 through 2007.

As Figure 3-11 indicates, to provide its regional fair share of housing through July 2007, the City will need to accommodate the development of 58 units for very low-income households, 48 units for low-income households, 60 units for moderate-income households, and 80 units for above moderate-income households. During the period of January 2000 through December 2002, the City of Pacific Grove reduced AMBAG's fair share allocation by 55 units by approving the development of 39 very low-income units, 11 low-income units and 5 above moderate-income units.

GOAL 2 Provide for a balanced range of housing types and densities for all economic segments of the community.

POLICY 6 Promote the development of a broad mix of housing types, using the current mix of housing as a guide to the type of housing to be approved.

The City's General Plan and Zoning Ordinance provide for a broad range of housing densities and types.

Figure 3-11
Fair Share Housing Needs by Income Level, 2000 to 2007

Units "Fair Share"	Percent of "Fair Share"	Units Approved 2000-2002 *	Income Category	Household Size (Persons)		
				1	2	3
58 units	24%	39 units	Very Low (<50% Median Family Income)	\$18,850	\$21,500	\$24,200
48 units	20%	11 units	Low (50-80% Median Family Income)	\$30,150	\$34,450	\$38,750
60 units	24%	0 units	Moderate (81-120% Median Family Income)	\$45,200	\$51,650	\$58,100
80 units	33%	5 units	Above Moderate			
Total: 246 units - 55 units* = a balance of 191 "Fair Share" units						

Source: HUD Guidelines; Association of Monterey Bay Area Governments (AMBAG), Pacific Grove Community Development Department

POLICY 7 Strive to accommodate the City's share of the region's housing needs.

Program G Produce an annual report summarizing progress made toward achieving the City's fair-share housing allocation as determined by AMBAG.

Objective: Annual Report
 Responsibility: Comm. Dev. Dept.
 Time Frame: FY 03-04 and annually thereafter

POLICY 8 Pursue available State and federal funding assistance appropriate to Pacific Grove's needs to develop housing affordable to low- and moderate-income households.

Program H Support efforts to meet rehabilitation needs of low- and moderate-income households.

Toward these ends, the City will pursue available and appropriate State and federal funding sources.

Objective: 15 very low-income units and 15 low-income units
 Responsibility: City Council, Comm. Dev. Dept., Monterey County Housing Authority
 Time Frame: FY 03-04; ongoing

POLICY 9 Grant density bonuses as required by State law to promote the inclusion of low-income and senior citizen housing (SM).

Program I Review the City's regulations pertaining to density bonuses and amend if necessary to assure consistency with State law (SM).

Developers must ensure the continued affordability of all lower-income units for the life of the project.

Program J Aggressively encourage developers of all new residential projects of five or more units to take advantage of the density bonus provisions (SM).

The City will promote the density bonus and other housing programs when discussing potential housing developments with applicants.

Objective: 33 very low-income units, 10 low-income units

Responsibility: City Council, Comm. Dev. Dept.

Time Frame: FY 03-07

POLICY 10 Require eligibility screening for buyers/renters and resale/rent controls for the life of the project whenever below-market-rate units are included in a project pursuant to the density bonus program or other local, State, or federal requirements (SM).

The purpose of this policy is to maintain affordability of the units to originally-targeted income groups.

POLICY 11 Intersperse units selling below market rate within the project whenever such units are included in a development pursuant to the density bonus program or other local, State, or federal requirements, and require them to be visually indistinguishable from market-rate units.**3.7.2 Overcrowding and Household Size**

A housing unit that has more than one person per room (excluding bathrooms and kitchens) is

**Figure 3-12
Overcrowding**

	Total	Over-crowded	Percent
1990			
Occupied Units	7,342	190	2.6%
Owner-occupied	3,508	45	1.3%
Renter-occupied	3,834	145	3.8%
2000			
Occupied Units	7,296	261	3.6%
Owner Occupied:	3,578	50	1.4%
Renter Occupied	3,718	211	5.7%

Source: U.S. Census, 2000

considered to be overcrowded. The 2000 Census revealed 261 overcrowded units in Pacific Grove, an

increase of 71 units from 1990. (See Figure 3-12.) Of these, 211 were renter-occupied and 50 were owner-occupied. The 3.6 percent rate of overcrowding in Pacific Grove was much lower than in the rest of Monterey County (15.2 percent).

The problem of overcrowding is often related to household size; *i.e.*, large families are more likely to be overcrowded. Average household size in Pacific Grove remains low at 2.10 persons per household (2.16 in 1990), and the number of large households (five or more persons) is very small (4.8 percent). Over one-third of Pacific Grove households have only one

Figure 3-13
Household Size

All Households				
	1990		2000	
Persons	Number	Percent	Number	Percent
1	2,435	33.2%	2,663	36.5%
2	2,778	37.8%	2,692	36.9%
3	1,107	15.1%	962	13.2%
4	677	9.2%	630	8.6%
5 or more	345	4.7%	349	4.8%
Total	7,342	100.0%	7,296	100.0%

Owner Occupied				
	1990		2000	
Persons	Number	Percent	Number	Percent
1	935	26.7%	1,005	28.1%
2	1,443	41.1%	1,524	42.6%
3	546	15.6%	460	12.8%
4	386	11.0%	404	11.3%
5 or more	198	5.6%	185	5.2%
Total	3,508	100.0%	3,578	100.0%

Renter Occupied				
	1990		2000	
Persons	Number	Percent	Number	Percent
1	1,500	38.2%	1,658	44.6%
2	1,335	34.0%	1,168	31.4%
3	651	16.6%	502	13.5%
4	291	7.4%	226	6.1%
5 or more	147	3.8%	164	4.4%
Total	3,924	100.0%	3,718	100.0%

Source: U.S. Census, 1990 and 2000

person, and nearly three-fourths have one or two persons. (See Figure 3-13.)

Figure 3-14
Size of Units

Number of Rooms	Number of Units	Percent of Total
1	219	2.8%
2	489	6.2%
3	1,125	14.2%
4	2,012	25.4%
5	1,915	24.2%
6	1,255	15.9%
7	513	6.5%
8	198	2.5%
9+	190	2.4%

Source: U.S. Census, 2000

Figure 3-14 shows that more than half of all housing units in Pacific Grove have five or more rooms, so the problem of overcrowding is not due to the lack of units of suitable size. However, the cost of the larger units may exceed the ability of large households to pay.

Program K In all City housing programs, attempt to match households to appropriately sized units.

3.7.3 Housing Costs and Overpayment

Housing values and rents throughout California have increased dramatically since the late 1970s, and Pacific Grove is no exception. Between 1970 and 1980, the median price for a single-family dwelling in Pacific Grove increased from \$23,500 to \$95,000 (over 300 percent). Median rents also increased during the same period from \$132 to \$302 (129 percent). The average family income in Pacific Grove, in contrast, increased by only 78 percent during the 1970s.

In 1986, the median price of units sold in Pacific Grove was \$169,000. By 1990, the median selling price had risen to \$269,916, an increase of 59.7 percent. By 2002, the median selling price had risen to \$360,458—an increase of 113% from 1986. Figure 3-15 shows the median selling prices for homes in

Figure 3-15
Median Single-family Home Prices—Pacific Grove and Surrounding Communities
1986 to 2002

	Pacific Grove		Monterey		Carmel		Seaside	
	Median Price	Percent of Change	Median Price	Percent of Change	Median Price	Percent of Change	Median Price	Percent of Change
1986	\$169,042	—	\$175,416	—	\$239,666	—	\$94,738	—
1987	175,054	3.6%	180,486	2.9%	242,577	1.2%	104,093	9.9%
1988	199,080	13.7%	206,000	14.1%	285,830	17.8%	110,970	6.6%
1989	234,750	17.9%	247,583	20.2%	346,170	21.1%	127,333	14.7%
1990	269,916	15.0%	279,916	13.1%	402,271	16.2%	137,416	7.9%
1991	295,000	9.3%	300,000	7.2%	412,000	2.4%	135,000	-1.8%
1992	283,417	-3.9%	296,667	-1.1%	420,917	2.2%	136,000	0.7%
1993	280,833	-0.9%	288,667	-2.7%	413,083	-1.9%	141,167	3.8%
1994	283,692	1.0%	294,667	2.1%	422,708	2.3%	143,425	1.6%
1995	292,000	2.9%	303,333	2.9%	418,833	-0.9%	146,750	2.3%
1996	296,417	1.5%	306,250	1.0%	431,750	3.1%	151,833	3.5%
1997	295,000	-0.5%	282,125	-7.9%	522,500	21.0%	145,000	-4.5%
1998	352,500	19.5%	300,000	6.3%	565,000	8.1%	160,000	10.3%
1999	398,250	13.0%	398,000	32.7%	650,000	15.0%	185,000	15.6%
2000	510,000	28.1%	489,000	22.9%	900,000	38.5%	255,779	38.3%
2001	557,500	9.3%	476,100	-2.6%	850,000	-5.6%	317,000	23.9%
2002	529,500	-5.0%	535,000	12.4%	910,000	7.1%	339,000	6.9%
Change, 1986-2002	\$360,458	113.0%	\$359,584	105.0%	\$670,334	180.0%	\$244,262	158.0%

Sources: 1986-1990: 1994 General Plan, Housing Element; Old California Title Company
 1991-1996: Stewart Title
 1997-2002: Multiple Listing Service, Monterey County Association of Realtors

communities in the Monterey Peninsula area between 1986 and 2002. As Figure 3-15 indicates, Pacific Grove was not the only city in the area that experienced dramatic increases in housing costs. Between 1986 and 2002 Monterey increased 105 percent, Carmel 180 percent, and Seaside 158 percent. In 1986, the median price of units sold in Pacific Grove was \$169,000. By 1990, the median selling price had risen to \$269,916, an increase of 59.7 percent. By 2002, the median selling price had risen to \$529,500—more than triple the 1986 median selling price. Figure 3-15 shows the median selling prices for homes in communities in the Monterey Peninsula area between 1986 and 2002. As Figure 3-15 indicates, Pacific Grove was not the only city in the area that experienced dramatic increases in housing costs. Between 1986 and 2002 the median selling price in Monterey, Carmel, and Seaside also more than tripled.

The median income of Pacific Grove households in 1999 was \$50,293. With a 10 percent down payment, a household at that income level could afford to purchase a house costing \$158,000 if interest rates were at 8 percent. If interest rates were as low as 6 percent, the median-income household could purchase a house at \$194,000. So, depending on interest rates, and assuming traditional financing methods were applied, the median income household was unable to afford any home in Pacific Grove in 1999 while a moderate income household at the top of that range (income at 120 percent of median) could afford to purchase 4.5 percent of the available single family dwellings. (These calculations are based on Multiple Listing Services (MLS) values for single family dwellings.)

Figure 3-16
Average Rents in Pacific Grove and
Surrounding Communities

City	Studio		One Bedroom		Two Bedroom	
	1994	2002	1994	2002	1994	2002
Pacific Grove	\$575	\$760	\$750	\$979	\$950	\$1,447
Carmel	600	930	925	1,217	1,200	1,993
Monterey	550	768	750	890	975	1,290
Seaside	400	675	560	794	688	1,189

Sources: 1994 Data: 1994 General Plan, Housing Element, Figure 3-14, page 45. 2002 Data: Monterey Herald, Classified Section, January through June 2002

As with ownership housing, the cost of rental units in Pacific Grove and the rest of the Peninsula area is also high. Figure 3-16 shows average rental rates for apartments in the area. Assuming that a household can afford to pay 30 percent of its income for housing, the average one-bedroom rental unit in Pacific Grove would require an annual income of \$39,000. The 2000 Census report of gross rent as a percentage of household income in 1999 indicates that 46 percent of renter-occupied housing units required paying 30 percent or more of household income. Rent paid for 21 percent of the units represented 50 percent or more of the household income.

One measure of housing affordability is the proportion of household income that is paid for housing. This measure is particularly important for lower-income households. (See Figure 3-17)

Figure 3-17
Overpayment by Renters

Household Income	Percentage of Households Paying 35% or More of Income for Rent
Less than \$10,000	2.8%
\$10,000 - \$19,999	6.2%
\$20,000 - \$34,999	14.2%
\$35,000 - \$49,999	25.4%
\$50,000 - \$74,999	24.2%

Source: U.S. Census, 2000

The cost of renting may be less expensive than the average cost of home ownership. Keeping a reasonable proportion of rental units in the community may be the most important way of providing housing for those who can't afford to own a home.

POLICY 12 Encourage public and private housing developments that tend to maintain a mix of owner-occupied and renter-occupied housing.

Program L Publish a list of sites suitable for the development of rental housing.

Responsibility: Comm. Dev. Dept.

Time Frame: FY 03-04

Program M Inform developers that the City welcomes the construction of rental housing to meet the objectives of this chapter.

Responsibility: Comm. Dev. Dept.

Time Frame: Ongoing

Program N Involve neighborhood groups in development projects from the beginning to overcome potential opposition to rental housing.

Responsibility: Comm. Dev. Dept.

Time Frame: Ongoing

Program O Allow the conversion of apartments to condominiums when such conversions meet the need and demand and community benefits for affordable home-ownership opportunities.

Responsibility: Comm. Dev. Dept.

Time Frame: Ongoing

Chapter 23.29 of the City's Municipal Code has regulated condominium conversions since 1980. The 12-page chapter consists of two basic parts: the first part sets standards for size, quality, and safety of units so that any apartments converted to home-ownership units will not be substandard. The second part protects the city's supply of low- and moderate-income housing by—among other methods—precluding applications for condominium conversions when the citywide vacancy rate for two-family and multi-family rental units falls below 5 percent.

(Empirical evidence is that a vacancy rate below 5 percent indicates a "tight" housing market in which existing and potential renters experience increases in rent, difficulty in finding affordable units, and reduced opportunities to move to more suitable or more desirable apartments.)

The use of the 5 percent vacancy threshold makes the second part of the ordinance self-correcting as housing market conditions change. If the vacancy rate climbs above 5 percent, then conversions of apartments to affordable ownership units will be permitted. However, when apartment vacancies decline below 5 percent, conversions will again be restricted.

Section 23.29.090(c) of the ordinance requires the planning commission, in reviewing applications for converting apartments to condominiums, to consider (among other factors) the need and demand for lower-cost home-ownership opportunities.

Program P Explore the use of programs that promote home-ownership, especially for first-time home-buyers.

Objective: Report on the appropriateness and feasibility of these programs for Pacific Grove.

Responsibility: Comm. Dev. Dept., Housing Comm.

Time Frame: FY 04-05; ongoing

Housing prices increased dramatically in California and Pacific Grove in the 1970s, 1980s and 1990s. High housing prices, even for very small homes, have kept home-ownership out of the reach of many would-be buyers, even with 2003 mortgage rates at their lowest in 40 years. Programs that make home ownership more affordable should be examined for their appropriateness to and feasibility in Pacific Grove.

3.7.4 Special Needs

Beyond the general housing needs documented in this chapter to this point, State law requires that the housing element include an assessment of the housing needs of special groups within the community, including the disabled, the elderly, large families, farmworkers, families with female heads of households, and families and persons in need of emergency shelter. During 1990, the City's Auxiliary

Housing Committee produced the *Housing Needs Survey Report*. It summarized Pacific Grove's housing needs in various categories, including some of the groups with special needs.

The Housing Committee meets monthly and recommends policies and programs addressing special needs and affordable housing.

POLICY 13 Within all housing programs, give special attention to the needs of special groups, including the physically and mentally disabled, large families, the elderly, and families with lower incomes.

Figure 3-18
Persons with Disabilities

Total disabilities tallied:	4,362
Total disabilities tallied for people 5 - 15 years:	85
Sensory disability	14
Physical disability	4
Mental disability	56
Self-care disability	11
Total disabilities tallied for people 16 - 64 years:	2,191
Sensory disability	94
Physical disability	432
Mental disability	337
Self-care disability	99
Go-outside-home disability	289
Employment disability	940
Total disabilities tallied for people 65 years and over:	2,086
Sensory disability	460
Physical disability	696
Mental disability	317
Self-care disability	211
Go-outside-home disability	402

Source: U.S. Census, 2000

Program Q Produce an annual assessment of the housing needs of Pacific Grove's lower-income households, single-person households, and disabled persons.

This will be done through the annual housing report.

Objective: Annual Housing Report

Responsibility: Comm. Dev. Dept.

Time Frame: FY 03-04; annually thereafter

Disabled persons. The number of disabled persons in a community determines the need to provide certain social services, to remove barriers to facilities, and to develop housing with specialized access for disabled residents.

Figure 3-18 shows the number of disabled persons in Pacific Grove. The subcategories do not add up to the total, as many disabled persons have more than one type of limitation.

A person with an employment disability may have a health condition that limits the kind or amount of work that he or she can do or that prevents working at a job or business altogether. An employment disability may also be defined as a health condition that limits the choice of jobs. According to the 2000 Census, Pacific Grove residents aged 16 to 64 had 940 employment disabilities.

The total number of disabled persons in Pacific Grove was estimated to be 2,532, or 19.6 percent of the population over 15 years old (excluding persons in institutions and the military). Many of these persons have more than one type of disability. The number of *households* with disabled persons cannot be determined from Census data.

Disabilities can affect housing needs in a number of ways. Persons with a work disability may be unable to afford adequate housing because their disability limits the income they can earn or prevents them from working altogether. Persons with mobility limitations may need housing located close to special services. Persons with a self-care limitation may require special housing that provides the care they cannot provide for themselves. Persons with all types of disabilities may require housing modifications such as ramps and grab

bars to make it possible for them to live independently.

The City enforces various development regulations to assist Pacific Grove's disabled residents.

The City's 2003 second unit ordinance contains the following development standard regarding accessibility:

All newly constructed first-floor second units shall be adaptable for use by persons with ADA-defined disabilities as follows:

- The bathroom shall provide minimum clearances as specified for accessible units per California State accessibility requirements, and grab bar blocking shall be installed in the walls.
- Entry doors shall have a minimum width of 3 feet.
- Interior doors shall have a minimum width of 2 feet 10 inches.
- Thresholds shall meet California State accessibility requirements.
- The kitchen shall meet the minimum clearances specified in California State accessibility requirements.

Through the building permit plan check and inspection process the City of Pacific Grove implements Title 24 of the California Code of Regulations which are the regulations on access and adaptability for persons with physical disabilities. These regulations apply to new construction multi-family units in buildings having three or more units. When there is a conflict between a Title 24 requirement and a zoning ordinance requirement (for example, the location of a handicapped ramp and a required building setback), Community Development Department staff identifies the conflict early in the review process and resolves it with priority given to the Title 24 requirement.

Although there are no mandatory accessibility requirements for single-family houses, the City assists physically disabled low-income homeowners with accessibility modifications to their homes through the Housing Rehabilitation Loan Program.

POLICY 14 Support increased housing opportunities for people with disabilities.

Program R Enforce State requirements for accessibility and adaptability in all new multi-family projects with more than two units.

Objective: Make 5 percent of units accessible

Responsibility: Comm. Dev. Dept.

Time Frame: Ongoing

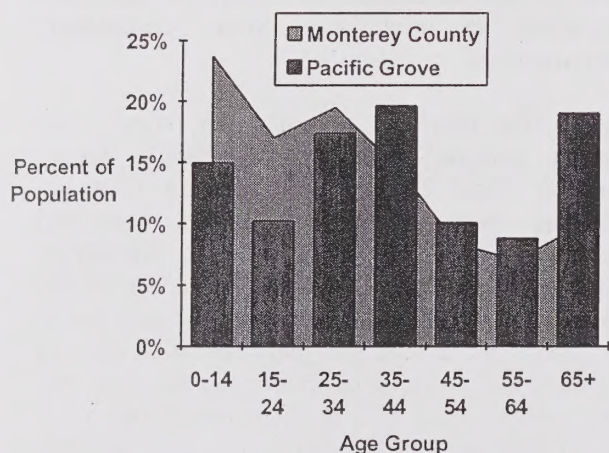
Program S Use the City's rehabilitation program to modify existing dwellings for low-income disabled persons.

Objective: 5 units

Responsibility: Comm. Dev. Dept.

Time Frame: Ongoing

Figure 3-19
Percent of Population by Age Group in Pacific Grove and Monterey County



Source: U.S. Census, 1990

Elderly. The 2000 Census indicated that 20 percent of the city's population was elderly (65 years and older). Of Pacific Grove's 7,342 households, 2,170 (29.6 percent) had occupants who were 65 or over. Of those, 1,012 were one-person households. Most people living in group quarters, and therefore not included in household counts, also were elderly. Of the 220 people in group quarters in 1990, 165 (75

percent) were 65 or older. Figure 3-19 compares Pacific Grove's age distribution with the rest of Monterey County. The proportion of elderly persons in the Pacific Grove population is much higher than in other parts of the county.

Elderly residents face a problem of limited availability of rental units, especially studios and one-bedroom units. The fact that many seniors are on fixed incomes further aggravates the problem. According to the 2000 U.S. Census, 7.5 percent of the elderly in Pacific Grove had incomes below the poverty level. Over 83 percent of elderly renters and nearly 20 percent of elderly owners pay more than 25 percent of their income for housing.

Figure 3-20
Households Headed by Elderly Persons

Income Category	Maximum Income for Category	Number of Households	Percent of Households in Pacific Grove
Very Low - income	\$16,760	654	8.9%
Low-income	\$26,816	498	6.8%
Moderate-income	\$40,224	409	5.6%
Above Moderate-income	\$40,225 and above	495	6.7%
Total		2,056	28.0%

Source: U.S. Census, 1990

Figure 3-20 includes only those households headed by a person over 65. There are 113 additional households with members over 65, but headed by a person under 65. The table also does not include 165 elderly people living in group quarters. There are 1,152 lower-income elderly households in Pacific Grove, accounting for 15.7 percent of the 7,342 households in the city.

Of those who responded to the *Housing Needs Survey Report*, 83 percent favored some sort of low-income senior housing complex in Pacific Grove, and 50 percent said they would live in such a facility if eligible.

Because many of the elderly live in small households, there may be some opportunities for meeting housing needs through "shared housing": persons who have extra space in their homes are matched with people who need housing. "Meals on Wheels" has operated an informal homesharing bulletin board, and the

Alliance on Aging started a formal program in September 1992. According to the Alliance of Aging, as of August 2003, twenty-three Pacific Grove homes were participating in the program. The City has provided funding to both these organizations in the past.

POLICY 15 Support shared housing programs operated by local nonprofit organizations.

Program T Fund, as monies are available, the Alliance on Aging, Meals on Wheels, and other shared housing programs.

POLICY 16 Encourage the development of housing for lower-income seniors.

The City has partnered with South County Housing to develop a 49 unit apartment project for low income seniors. located adjacent to the Sally Griffin Senior Center, home of Meals-on-Wheels. Groundbreaking for the senior housing development is expected in summer of 2004.

Farmworkers. Because specific data on the number of farmworkers in a community is not regularly collected, it is difficult to assess the needs of this group. According to the 2000 Census breakdown of workers by occupation, however, less than one percent of Pacific Grove's population was employed in agriculture, forestry, fishing and hunting, and mining.

There is no agriculture in the immediate area of Pacific Grove, and it is unlikely that many farmworkers would live there. Agricultural activity in Monterey County is centered in the Salinas Valley and not on the Monterey Peninsula. AMBAG's position is that any programs that assist low-income housing will also benefit farmworkers. Taking all of these factors into account, Pacific Grove has not developed a separate housing program specifically for farmworkers.

Female heads of households. As shown in Figure 3-2, 701 of Pacific Grove's 3,973 families in 2000 were headed by women. This was 17.6 percent (compared to 16.5 percent in 1990) of all the families in the city and 9.6 percent of all households. Of these families, 386 had children under 18. The City remains concerned because many of these families have lower incomes and, therefore, have difficulty finding affordable housing. Of female-headed families, 13.5 percent have incomes below the poverty level. These

families make up 47.3 percent of all the families living in poverty in the city.

Female-headed households may also need nearby day-care and recreation for children and convenient access to public transit.

The homeless and others needing emergency shelter. The housing needs of the homeless are more difficult to measure and assess than those of any other population subgroup. Since these individuals have no permanent addresses, they are less likely to be counted in the Census, and since they also are unlikely to have stable employment, the market provides them with few housing opportunities. Those in need of emergency shelter include victims of domestic violence, persons displaced from their homes by disasters such as fires, tenants who have been evicted from rental housing and runaways.

The best source of information on homelessness in this area comes from local law enforcement and the *Monterey County Homeless Census and Needs Assessment*, published in November 1999. The report indicated that 2,917 people are homeless on a given night in Monterey County and up to 6,830 individuals experience homelessness at some time throughout the year. The Pacific Grove Police Department indicates that there are about a dozen homeless persons within the City at any one time and that they can primarily be located on the beachfront.

According to the *Monterey County Homeless Census and Needs Assessment* 57.9% of the participants indicated that they were born in California. This fact corresponds with the general belief held by service providers that homelessness begins at the local level. Respondents' connection to the area becomes even more apparent when looking at a subsequent question in the survey, which asked how long participants had lived in the area. In fact, 64.5% of the respondents indicated they had lived in the area since the 1970s. Further, when asked if they had plans to leave Monterey County, 75.7% of the respondents said no.

The homeless census also indicated that 78% of the respondents were between the ages of 25 and 54. The mean age of the respondent was 37.8. The gender of the respondents was predominately male, 76.1% as compared to 23.9% female. The family composition of the respondents was less easily determined. The majority (52.3%) of the respondents said that they were single. When looking at this finding by gender, approximately 40% of the respondents were male and

12% were female. The majority of respondents were Caucasian, 57.1%, followed by Latino, 23.6%, and African-American, 12.7%. The education level among the respondents was relatively high. In fact, 27.6% had completed high school and received their diploma and another 28.8% had attended an institution of higher learning. Almost 4% of the respondents indicated that they held bachelor or graduate degrees.

The reasons for homelessness given by respondents were unemployment/lost job (25.7%), marriage or family crisis (17.2%), and no money (13.6%). When asked about regular nighttime accommodation, 22.2% of the respondents said they stay at a shelter, while 17.5% of the respondents said "ground spot" which included a forest, field, beach or park.

Earning an income while being homeless is extremely challenging. Respondents indicated that only 14.5% were currently employed. When asked what they felt was needed to gain employment, the top responses were training (51.5%), job opportunities (49.3%), and permanent affordable housing (48.1%).

Homeless facilities within the county provide up to 237 emergency shelter beds, 393 transitional housing beds, 70 residential substance abuse treatment beds, and 74 permanent support housing beds for homeless individuals and families. Current facilities and services are not adequate to serve the growing need. Eleven housing and homeless service providers have formed the Coalition of Homeless Service Providers. A number of these agencies have been successful in obtaining military base properties through the Title V program and McKinney Supportive housing fund.

The Local Homeless Assistance Committee (LHAC) is responsible for the Continuum of Care planning. The LHAC is a community-wide, strategic forum consisting of 1) service providers, 2) community members to include homeless or formerly homeless persons, and 3) representatives of local jurisdictions. A representative of the City of Pacific Grove sits on the Local Homeless Assistance Committee (LHAC). The LHAC partners with and is supported in its work by the Monterey County Department of Social Services' Community Action Agency (DSS/CAA), and the coalition of Homeless Services Providers.

Over the years, Monterey County governments, non-profits, funders, community advocates and homeless people have increasingly united in the struggle to address homelessness in a comprehensive manner. The LHAC came together as a formalized strategic

planning body to oversee the County's process for planning for homeless services and other actions. The LHAC completed *Monterey County's Community Based Homeless Services Plan*, which was adopted by the County of Monterey in February 2002. The vision/mission of the *Monterey County Community Based Homeless Services Plan* is, "...to significantly prevent, reduce and strive to end homelessness, through housing and services which maximize the self-sufficiency of individuals and families in Monterey County."

The Monterey County strategy to end chronic homelessness is four-fold. The first element is to ensure that the chronically homeless are aware of the services available to assist them in leaving the streets, through effective outreach. The second is to provide basic services that meet the essential human needs of the chronically homeless for shelter, food and clothing and provide an alternative to street life. The third element is to examine and implement ways of taking a more pro-active and appropriate intervention to assist the chronically homeless to leave the streets. The fourth element is creation of sufficient shelters and supportive housing.

POLICY 17 Continue to work with surrounding jurisdictions and non-profit organizations to address the needs of the homeless on a regional basis.

Program U Cooperate with community-based organizations providing services, or information regarding services, to the homeless.

Responsibility: City Council, Comm. Dev. Dept.

Time Frame: Ongoing

Program V Revise the Zoning Ordinance to allow emergency shelter and transitional housing facilities by conditional use permit in areas zoned R-3, R-4, or C-1 (SM).

Responsibility: City Council, Comm. Dev. Dept.

Time Frame: FY 03-04

POLICY 18 Work to prevent homelessness by encouraging the development of affordable housing through the housing programs in this chapter of the General Plan.

The City developed and funds a Rental Assistance Program, which provides up to \$250 per month for 17 very low-income households. The City has provided letters of support for funding for Shelter Outreach Plus, Housing Advocacy Council, and the John XXIII Aids Ministry homeless prevention programs.

In November 2003, the City held a town hall meeting to consider the topic of illegal housing units, and whether to permit property owners to register these units as permanently affordable units. A primary consideration is minimizing displacement of tenants currently living in illegal units. The Ad Hoc Committee on Secondary Housing Units and Illegal Housing Units is refining its recommendations for presentation to the City Council in January 2004.

3.8 HOUSING DISCRIMINATION

No information is available on the extent of housing discrimination in Pacific Grove. The City receives few complaints about discrimination, but it is not known whether this reflects housing consumers not knowing their rights or a lack of discrimination.

The Conflict Resolution and Mediation Center of Monterey County attempts to resolve conflicts between landlords and tenants, including problems of discrimination. The City of Pacific Grove has provided funding to this organization.

GOAL 3 Promote equal opportunity to secure safe, sanitary, and affordable housing for all persons regardless of race, sex, marital status, ancestry, national origin, color, or sexual orientation.

POLICY 19 Increase awareness of remedies for housing discrimination.

Program W Publicize information about the enforcement activities of the California Fair Employment and Housing Commission.

The City posts information about the role of the California Fair Employment and Housing Commission at City offices and the public library. The City will contact organizations representing persons who are likely to be discriminated against to determine the extent of housing discrimination in Pacific Grove.

Program X Continue to participate in public and private efforts to enforce fair housing practices, to mediate reported cases of arbitrary discrimination, and to support the Conflict Resolution and Mediation Center of Monterey County.

Responsibility: City Council, Comm.
Dev. Dept.

Time Frame: Ongoing

3.9 AVAILABILITY OF LAND AND SERVICES FOR RESIDENTIAL DEVELOPMENT

State law requires housing elements to contain an analysis of the availability of land for future residential growth and the adequacy of public facilities and services to accommodate that growth.

3.9.1 Land

The City of Pacific Grove has zoned over 54 percent of the city for residential use. Seventeen percent of the land area is zoned for multi-family use. However, very little of this land is vacant and available for development. As of 2003, there were only 85 vacant, residentially-zoned parcels within the city limits. At maximum allowable densities, these parcels could accommodate 105 new units.

There are, however, a number of multi-family-zoned parcels in the city that are underutilized (*i.e.*, not developed to their full zoning potential). These parcels could provide as many as 566 additional units if existing units are replaced with multi-family structures that take full advantage of allowed densities.

Other opportunities for new dwellings could provide 145 additional units. Also, commercially-zoned areas that permit residential uses have a potential for 1,128 new housing units. Another 3,426 units can potentially be created on sites zoned for single family dwellings. In addition, the 2003 second-unit ordinance allows second units in multi-family districts; the previous regulations limited second units to single-family districts. This second unit potential is based on zoning; the actual number of units developed will be fewer because of placement of existing buildings and occupancy restrictions and other conditions contained in the second unit ordinance. Figure 3-21 summarizes the potential dwelling units from all sources.

GOAL 4

Designate land at residential densities appropriate to meet the housing needs of the community.

POLICY 20 **Continue to designate residential land in appropriate land use and zoning categories as needed to accommodate projected household growth and to maintain normal vacancy rates.**

Program Y Produce an inventory of vacant, residentially-zoned building sites, including an evaluation of sites suitable for the development of senior housing projects and housing for low-income households, single-person households, and disabled persons.

Objective: Inventory of building sites for affordable housing

Responsibility: Comm. Dev. Dept.

Time Frame: Ongoing

POLICY 21 **Provide for redevelopment of under-utilized parcels for moderate-income and above moderate-income housing (SM).**

Program Z Provide information to the development community on land availability and City policies encouraging moderate-income and above moderate-income housing.

Objective: 10 moderate-income units, 10 above moderate-income units

Time Frame: 2000-2007

POLICY 22 **Encourage the inclusion of residential units in future and existing commercial developments in those areas where it is allowed.**

POLICY 23 Develop incentives to encourage residential use of upper stories in Downtown buildings.

Program AA Inform commercial developers of zoning provisions allowing residential uses in commercial zones and the City's policies favoring such development.

Objective: 10 low-income and 10
 above moderate-income
 units

Time Frame: FY 03-07

The City permits up to 29 units per acre in the Downtown commercial district, capped only by a floor area ratio of 2.3 for residential and commercial space combined. Densities and FARs are somewhat lower in other commercial districts.

3.9.2 Sites Available for Low-income Housing

Pacific Grove has only a small number of vacant sites zoned at higher densities that can accommodate low-income housing. There are, however, a large number of sites that are zoned for high densities that currently have lower density uses. Figure 3-22 lists all of the sites in the city that could potentially be developed for low-income housing. There has been no change in this list since 1992 because of the lack of multi-family project construction during the last ten years. The 9.46 acres shown in Figure 3-22 could accommodate 163 additional units, well above the "fair share" need of 106 units projected by AMBAG (58 very low-income units plus 48 low-income units). Application of the City's density bonus provisions could add 58 additional units to this total.

The greatest likelihood of development is on the two vacant sites (No. 4 and No. 18 in Figure 3-22). These two sites could provide 12 units. Several other sites which presently contain single-family homes and duplexes could accommodate from four to nine additional units. If water were available, it is likely that these sites could be profitably redeveloped, providing 75 additional units. Site number 37, at 1030 Lighthouse Avenue, has the greatest redevelopment potential. This 1.79-acre parcel, of which .83 acres is zoned R-4 and .96 acres is zoned R-3-M, is currently occupied by two units, but it is zoned for up to 41 units. Redevelopment of this site could result in a net gain of 24 low-income units. The remaining sites in

Figure 3-22 are currently occupied by multi-family or other uses. Density bonuses could significantly increase the production of affordable housing.

In addition, the 2003 second unit ordinance requires that occupants qualify as no greater than a median income household according to HUD guidelines.

POLICY 24 Maintain sufficient land zoned at high density to accommodate the regional fair share need for very low- and low-income housing.

POLICY 25 Consider quality of life in higher density neighborhoods, the need for space for children to play, landscaping needs, and space for trees.

Program BB Keep an up-to-date inventory of sites showing the potential for low-income housing.

Time Frame: Ongoing

Program CC Report annually on the City's progress in meeting its fair share housing targets, and supplement the report with an analysis of land available for low-income housing.

Responsibility: Housing Committee,
 Comm. Dev. Dept.

Time Frame: FY 03-04; annually
 thereafter

POLICY 26 Encourage redevelopment of under-utilized parcels for low-income housing.

Program DD Provide information to the development community and non-profit housing developers on land availability and City policies encouraging low-income housing.

Objective: 10 very low-income units
 and 10 low-income units

Responsibility: Comm. Dev. Dept.

Time Frame: FY 03-07

3.9.3 Publicly-owned Surplus Land

According to State law, all public agencies intending to dispose of surplus land must first send a written offer to any local agencies within whose jurisdiction the land lies, to sell or lease the land for the purpose of developing low- and moderate-income housing.

The David Avenue School site offers an example of the potential application of this provision in Pacific Grove. When the Pacific Grove Unified School District decided to close the school in 1986, the City proposed purchasing the site. Negotiations stopped because of some unresolved, long-standing title restrictions.

Subsequently, Pacific Grove voters passed an initiative that restricts the rezoning of "U"-zoned land (such as school sites). The initiative affects the ability of the City to acquire and develop school properties and other open space lands for affordable housing.

3.9.4 Mobile Homes and Manufactured Housing

Mobile homes and manufactured housing provide a source of lower cost housing. There are only a few mobile homes in Pacific Grove (1.1 percent of all units). The City permits mobile homes and manufactured housing in all single-family districts and has zoned 15.1 acres in a special mobile home residential category.

POLICY 27 Allow, as required by State law, the installation of mobile homes and factory-built housing on permanent foundations in areas zoned for single-family housing, in accordance with residential design standards administered by the City (SM).

Program EE Maintain existing zoning provisions permitting mobile homes and factory-built housing in single-family residential zones.

POLICY 28 Protect the existing mobile home park from conversion to other uses.

Program FF Maintain the existing R-1-M-H zoning for the Monarch Pines Mobile Home Park.

Objective: Preserve 103 units

Responsibility: City Council

Time Frame: Ongoing

3.9.5 Services

The availability of public facilities and services required to support residential development is discussed in detail in Chapter 9, Public Facilities. The findings of Chapter 9 as they affect housing are summarized below.

POLICY 29 Provide public facilities and services in support of new housing construction and the revitalization of older neighborhoods.

This will be done by keeping streets and other municipal systems in good repair and through Programs D, E, J, and X of Chapter 9.

Water. The lack of potable water will be a major constraint to housing production in all Monterey Peninsula communities. Unless additional water is made available, the City cannot meet the new construction goal of 246 units during this housing element planning period.

POLICY 30 Work aggressively with the water district and other Monterey Peninsula cities to find long-term solutions to the water problem, to increase the water available for residential uses, and to provide for drought protection.

The City supports efforts by the Monterey Peninsula Water Management District (MPWMD), California American Water Company, or other agencies to expand the availability of water in order to: (1) respond to the State-ordered cutback on withdrawals from the Carmel Valley aquifer and provide water adequate to meet the demand from existing development within MPWMD boundaries, and (2) augment the community water supply to meet the planning needs of the City and the other constituent jurisdictions of the MPWMD.

The lack of water supply will continue to pose a severe constraint on the provision of new housing in Pacific Grove until new sources are planned, studied, and developed. Even if potential water projects are selected, they would not be in place during this housing cycle due to the technical studies, environmental review, and financing issues that would need resolution.

Sewage collection and treatment. The City participates in a regional sewage treatment plant serving Monterey, Seaside, Del Rey Oaks, Marina, Salinas, Castroville, and several unincorporated areas. The Monterey Regional Water Pollution Control Agency (MRWPCA) allocates sewer connections for new construction based on population and household projections prepared by AMBAG. The household projections used for the sewer allocations are different from those used for the *Regional Housing Needs Plan*, and so may not provide sewer allocations for the total housing need as shown in the *Regional Housing Needs Plan*. (See Section 3.7.1.)

The MRWPCA has allocated 5,804 sewer hookups for residential dwelling units within areas served by the Agency for the period April 1, 1998, through March 31, 2004. As of June 30, 2003, twenty hookups had been issued in Pacific Grove during this six-year allocation period. An additional allocation will subsequently be made for the remaining period covered by this housing element. It is not known at this time how many additional hookups will be allocated.

The local sewage collection and transportation system will provide adequate service for this housing element period. The interceptor main and pump stations along Ocean View Boulevard are designed to accommodate the projected peak flow capacity through 2010. Substantial additional pumping capacity is available. Pacific Grove's sewage collection system, however, is old and is deteriorating with age. The system needs to be properly maintained, lest defects develop that limit future residential development.

Storm drainage. Facilities in all 12 of the city's drainage areas are adequate to accommodate storm flows and thus will not inhibit residential development.

Streets and sidewalks. Since the city is largely built-out, new residential development will take place primarily along existing streets. Maintaining and improving the streets will assist and encourage new residential development.

Schools. Except for a very small area within the City of Monterey, the Planning Area is served by the Pacific Grove Unified School District. School facilities are expected to be adequate to accommodate any growth in enrollment resulting from development of additional housing.

POLICY 31 Cooperate with the Pacific Grove Unified School District in coordinating new residential development with school facilities.

Program GG Provide a copy of the draft housing element to the Pacific Grove Unified School District for review and comment (SM).

Objective: School district review and comments

Responsibility: Comm. Dev. Dept.

Time Frame: FY 03-04

Electricity. Electrical service demands are currently being met, and no problems are anticipated to occur as a result of projected population growth.

**Figure 3-21
Potential Dwelling Units**

Source	Potential Units
Vacant Parcels	105
"Hidden Lots"	145
New Subdivisions	61
Intensification	566
Residential in Commercial Zones	1,128
Secondary Units in R-1 zones	3,426
Total Potential Units	5,431

Source: Community Development Department, April 1994

Figure 3-22
Potential Sites for Low-income Housing (Sites Zoned for a Minimum of 25 Units per Acre)

Site No.	Address	Acres	Zoning	Existing Units	Potential Units	Potential Units/Acre	Net Additional Units
1	1008 Funston	0.21	R-3	3	6	29	3
2	1010 Funston	0.21	R-3	2	6	29	4
3	2728 Ransford	0.22	R-3	4	6	28	2
4	2935 David	0.23	R-3	0	6	26	6
5	187 Ocean View	0.29	R-3	1	8	28	7
6	310 18th	0.29	R-3	1	8	28	7
7	625 Forest	0.17	R-4	1	5	29	4
8	615 Forest	0.17	R-4	1	5	29	4
9	419 Grand	0.17	R-4	2	5	29	3
10	190 Central	0.17	R-4	1	5	29	4
11	505 Spruce	0.18	R-4	4	5	28	1
12	852 Lighthouse	0.18	R-4	3	5	28	2
13	609 Fountain	0.19	R-4	2	5	27	3
14	210C 17 Mile Dr	0.19	R-4	3	5	26	2
15	182 Central	0.20	R-4	4	5	25	1
16	158 Evans	0.20	R-4	4	5	25	1
17	210 Cedar	0.21	R-4	1	6	29	5
18	980 Lighthouse	0.21	R-4	0	6	28	6
19	189 Evans	0.21	R-4	4	6	28	2
20	970 Lighthouse	0.22	R-4	1	6	27	5
21	214 Bentley	0.22	R-4	3	6	27	3
22	938 Lighthouse	0.23	R-4	1	6	27	5
23	950A Lighthouse	0.23	R-4	4	6	27	2
24	201 Central	0.24	R-4	1	6	25	5
25	178 Central	0.24	R-4	5	6	25	1
26	186 Sloat	0.25	R-4	1	7	28	6
27	208 Wood	0.27	R-4	5	7	26	2
28	607 Forest	0.28	R-4	2	8	29	6
29	792 Lighthouse	0.28	R-4	2	8	29	6
30	196 Del Monte	0.28	R-4	6	8	28	2
31	131 1st	0.30	R-4	2	8	27	6
32	842 Lighthouse	0.33	R-4	8	9	27	1
33	916 Lighthouse	0.33	R-4	6	9	27	3
34	769 Lighthouse	0.33	R-4	0	9	27	9
35	624 Fountain	0.34	R-4	1	10	29	9
36	880 Lighthouse	0.36	R-4	9	10	27	1
37	1030 Lighthouse	0.83	*	2	26	29	24**
Total		9.46		100	263		163

* Zoned R-3-M in part (.96 acres) and R-4 in part (.83 acres)

**The R-3-M segment has the potential for 17 additional units at a density of 2500 square feet of land per unit; the R-4 segment has the potential for 24 units at a density of 1500 square feet of land per unit.

Source: Community Development Department, July 1992 and October 2003.

Pending approval by the
 State Department of Housing
 and Community Development

The Pacific Grove General Plan

Adopted by City Council
 December 2003

3.10 GOVERNMENTAL CONSTRAINTS ON THE PRODUCTION OF HOUSING

While local governments have little influence on such market factors as interest rates, their policies and regulations may affect the free operation of the housing market. For the most part, local regulations play a legitimate role in protecting the public's health, safety, and welfare. They may inadvertently, however, restrict the operation of the housing market. Examination of the local regulatory structure can highlight areas of "excessive" regulation where steps can be taken to remove or reduce obstacles to residential development.

POLICY 32 **Ensure that City policies, regulations, and procedures which require fees and exactions do not add unnecessarily to the costs of producing housing while assuring the attainment of other City objectives.**

Program HH Review City fee structures periodically to assure that the cost of services and exactions does not exceed actual costs to the City.

Time Frame: Ongoing

3.10.1 Local Land Use Regulations

Discretionary control over land use is exercised through the Pacific Grove General Plan, the Zoning Ordinance, and other implementing ordinances. In addition, development within the coastal zone is subject to Coastal Act policies. These documents and ordinances are described in Chapter 1.

In 1983, the City adopted a second unit ordinance that allowed the construction of secondary dwelling units on lots occupied by single-family homes, with a use permit. This ordinance produced only 42 new second units from the time of its enactment through July 1992. In 1992, the City Council changed the second unit regulations to allow second units in all R-1 districts, with a use permit, except where prohibited by the Land Use Plan of the Local Coastal Program. The revised ordinance expanded the area in which such units are allowed, from only lots at least 8,000 square feet in area to all single-family residential areas and lots, and allowed the building owner to re-

side in either the primary or secondary unit. The secondary units were targeted to lower-income and special needs groups by limiting their occupancy to (1) the elderly—one occupant must be at least 60 years of age, (2) very low- or low-income persons, (3) the disabled, or (4) persons who are provided rent-free accommodations by the owner. Between 1992 and 2003 use permits have been granted for 11 secondary housing units.

In response to AB 1866, the City Council appointed an ad hoc committee to recommend changes to the secondary housing regulations to make the approval process ministerial instead of discretionary. A new second unit ordinance was adopted in June 2003. This ordinance allows both attached and detached units in single-family and multi-family districts except where prohibited by the Land Use Plan of the Local Coastal Program.

POLICY 33 **Facilitate production of second units in accordance with the 2003 second unit ordinance.**

Program II Develop a brochure summarizing the second unit permit requirements.

Objective: 15 median income units

Responsibility: Comm.Dev.Dept.

Time Frame: FY 03-04

Program JJ Permit owners of existing illegal secondary units to obtain legal status for them if the units conform with the standards required under the 2003 second unit ordinance.

Objective: 10 units legalized

Responsibility: Comm. Dev. Dept.

Time Frame: Ongoing

The City may wish to consider using a portion of the Housing Programs Fund to facilitate the development of second units when new funds are available. The City's Housing Programs Fund is comprised of the proceeds of rehabilitation loans that have been repaid. Since these rehabilitation loans are deferred loans, a number of years will be required to build sufficient funds for housing programs. Rehabilitation of existing units has been established as the priority use of the Housing Programs Fund.

3.10.2 Building and Housing Codes

Building and housing codes establish minimum standards and specifications for structural soundness, safety, and occupancy. State housing law requires cities and counties to adopt minimum housing standards based on model industry codes. The City is currently enforcing the most recent editions of the Uniform Building, Mechanical, Plumbing, and Housing Codes and the National Electrical Code. In addition to meeting the requirements of State housing law, local governments enforce other State require-

ments, including those for fire safety, noise insulation, soils reports, earthquake protection, energy conservation, and access for the disabled.

Because of the overall age of Pacific Grove's housing, code enforcement plays a very important role in maintaining the quality of housing. The City has set up a program through which building and fire inspectors refer owners of substandard units to the Community Development Department for advice regarding housing rehabilitation assistance.

Figure 3-23
Residential Permit Processing Fees

Type	Fee
Use Permits:	
Single Family Dwellings	\$ 600
Multi-family (+ \$100 per unit)	1,000
Variances:	
Single Family Dwellings	1,000
All Other Uses	2,000
Subdivisions:	
Lot Line Adjustment	1,000
Tentative Parcel Map (+ \$100 per lot)	2,000
Final Parcel Map *	1,000
General Plan and Zoning Amendments:	
General Plan Amendment (\$60 per hour)	Min 2,400
Zoning Ordinance Amendment (\$60 per hour)	Min 1,200
Architectural Review:	
Single Family Dwellings	600
Minor Items/Amendments (Admin. Review)	100
Minor Items/Amendments (Review by ARB)	200
Multi-family, based on following:	
Under \$50,000	600
\$50,000 to \$100,000	1,000
\$100,000 to \$250,000	1,500
\$250,000 to \$500,000	4,000
\$500,000 to \$1,000,000	4,000
\$1,000,000 and over	6,000
(plus \$50/hour in excess of 24)	
Historic Permits:	
Historic Preservation Permit	600
Historic Demolition Permit	2,000
Second Unit Permit:	600

* Plus Recording Fees and \$100/hour of engineer's time

Source: Community Development Department, July 2003

3.10.3 Local Permit Processing Fees

State law requires that local permit processing fees charged by local governments not exceed the estimated actual cost of processing the permits. Figure 3-23 lists the fees charged by the City of Pacific Grove for residential development.

The City has adjusted its fee schedule to lower the cost of processing permits for single-family housing, thus encouraging such development. In addition, the City Council has adopted a resolution waiving building permit fees for projects funded through the City's rehabilitation loan program. Therefore, permit processing fees do not constitute a constraint to the development of affordable housing.

3.10.4 Permit Processing Time

The timeliness with which the City processes the various permits and applications needed for residential development can affect the overall cost of housing. The minimum processing time is established by State requirements for environmental review and public notice, and by the meeting schedules of the architectural review board, the planning commission, and the city council.

The maximum processing time for processing residential development permits is set by State law (Government Code §65920 *et seq.*). Once an application is accepted as complete, the statutory time limit for the completion of the environmental review and approval or denial of the permit application commences. The lead agency has one year in which to approve or disapprove a project for which an EIR will be prepared. The time limit in all other cases is six months.

Because Pacific Grove is a relatively small city and because development activity is fairly light, the City strives to process development applications in a timely and efficient manner. The City will attempt to

streamline the permit process for residential projects. Figure 3-24 shows estimated processing times for the various permits associated with residential development. Portions of the city lie within the coastal zone and thereby require additional permit approvals not under City control. Section 3.12 lists these additional coastal zone requirements.

In the R-3 and FR-4 zoning districts, multi-family developments of more than seven units require a use permit.

With few exceptions, approval of the Architectural Review Board is required for new construction and additions to existing single-family and multi-family dwellings. The Architectural Review Board meets twice a month, and uses both consent and regular agendas. Since September 2003, staff has had the authority to approve certain exterior changes to structures that otherwise would require approval by the Architectural Review Board, thereby expediting the permit process for minor projects.

The City developed and distributed "Architectural Review Guidelines for Single-Family Residences." These guidelines are used by applicants, the Architectural Review Board, and staff.

Figure 3-24
Permit Processing Times in Pacific Grove, 2003

Permit Approval	Processing Time
Tentative Parcel Map	6 to 8 Weeks
Tentative Subdivision Map	6 to 8 Weeks
Conditional Use Permit	6 to 8 Weeks
Variance	6 to 8 Weeks
Architectural Review	4 to 6 Weeks
General Plan Amendment	Varies
Rezoning	Varies
Building Permit	2 to 8 Weeks
CEQA Documents*	
Negative Declaration	8 to 12 Weeks
Environmental Impact Report	Varies

*These time periods will overlap to some extent with permit review periods.

Source: Community Development Department, May 2003

3.10.5 Residential Development Fees

Since the passage of Proposition 13 in 1978, local governments have come to rely increasingly on development fees to finance local infrastructure improvements. Pacific Grove's fees are comparable to those of other jurisdictions on the Monterey Peninsula. Locally, water and sewer connection fees add the greatest cost to new housing, but they are set by the respective districts and are beyond the ability of the City to regulate. Figure 3-25 shows the typical water and sewer fees in 2003 for an average single-family unit.

Since October 1986, the Monterey Peninsula Water Management District (MPWMD) has been charging fees and setting water connection permit fees on the basis of a project's anticipated water use. Connection fees are calculated according to the number of fixtures (i.e., wash basins, toilets, showers, spas, bidets, swimming pools, etc.) per unit. Each fixture is assigned a unit value according to the Uniform Plumbing Code, and the applicant is charged \$153.25 for each unit. The calculations in Figure 3-25 assume a home with 27.6 fixture units.

Overall, residential development fees do not constrain the development of housing in Pacific Grove.

3.10.6 On- and Off-site Development Standards

In some jurisdictions, local development standards may unnecessarily inhibit the development or retention of affordable housing. Such standards may include local requirements for streets, sidewalks, curbs and gutters, yards, setbacks, and lot coverage.

POLICY 34 The City will consider relaxing development standards on a case-by-case basis in order to meet affordable housing goals.

Development standards in Pacific Grove do not generally constrain the development of affordable housing. Because the city is nearly built-out, most streets and utilities are already in place. The City requires residential developers to provide curbs, gutters, and sidewalks in some areas depending on neighborhood standards. Pacific Grove's standards for lot sizes, lot coverage, setbacks, and parking are similar to those in other Monterey County communities. (See Figure 3-26.)

In some cases, the City has adopted flexible zoning standards to meet the unique circumstances of particular areas. For example, the R-3-PGB District was originally laid out with lots that are smaller than what is considered an acceptable minimum standard today. The City permits development on these pre-existing, smaller, substandard lots.

In 2000, the R-1 off-street parking requirement was reduced to none required for building sites less than 2,700 square feet in area, and one covered space and one uncovered space for sites 2,700 square feet and larger.

Figure 3-25
Typical Water and Sewer Connection Fees in
Pacific Grove, June 2003

Sewer Connection (MRWPCA)	
Basic Fee per Unit	\$2,175
City Sanitation	1,088
Subtotal	\$3,263
Water Service (MPWMD)	
Connection Fee*	\$5,514
Administrative Fee	150
Subtotal	\$5,664
Total	\$8,927

*Assumes 27.6 fixture units.

Source: City of Pacific Grove

Figure 3-26

Summary of Residential Zoning Districts and Development Standards

Zoning District	Housing Type Allowance	Minimum Site Area and Width	Front Setback	Side Setback	Rear Setback	Site Coverage	Height
R-1	Single-family dwellings and second units	4,000 sf, 40'	15' (20' for garage)	10% of site width	10'	45% or 40%	25'
R-1-H	Single-family dwellings and second units	4,000 sf, 40'	15' (20' for garage)	10% of site width	10'	40% or 35%	25'
R-1-B-3	Single-family dwellings and second units	10,000 sf, 70'	20'	10% of site width	20-25'	40%	25'
R-1-B-4	Single-family dwellings	20,000 sf, 100'	20'	10% of site width	20'	15%	25'
R-2	Single-family dwellings, duplexes, and second units	4,000 sf, 40'	15'	10% of site width	10'	50%	30'
R-3	Single-family dwellings, second units, multi-family units @ 1,500 sf of site area per unit	4,000 sf, 40' or 3,600 sf	12'	10% of site width	1 story - 5' 2 stories - 8' 3 stories - 10'	50%	30'
R-3-PGR	Single-family dwellings, second units, multi-family units @ 2,200 sf of site area per unit	4,000 sf, 40' or 3,600 sf	8'	10% of site width	1 story - 5' 2 stories - 8' 3 stories - 10'	50%	30'
R-3-PGB	Single-family dwellings, second units, multi-family units @ 2,500 sf of site area per unit	1,760 sf, 44' or 2,500 sf	8' or 12'	10% of site width	1 story - 5' 2 stories - 8'	50%	25'
R-3-M	Single-family dwellings, second units, multi-family units @ 2,500 sf of site area per unit	N/A	20' or 10'	10' or 10'	20' or 10'	50%	25' or 18'
R-4	Single-family dwellings, second units, multi-family units @ 1,500 sf of site area per unit	4,000 sf, 40' or 3,600 sf	12'	10% of site width	1 story - 5' 2 stories - 8' 3 stories - 10'	50%	30'

Note: This table is a generalized summary of development standards; see Municipal Code Title 23 "Zoning" for specific standards.

Source: City of Pacific Grove Zoning Ordinance, 2003

3.11 NONGOVERNMENTAL CONSTRAINTS ON THE PRODUCTION OF HOUSING

The availability of housing is strongly influenced by market factors over which local government has little or no control. State law requires that the housing element contain a general assessment of these constraints. This assessment can serve as the basis for actions that local governments might take to offset the effects of such constraints. The primary market constraints to the development of new housing are the costs of (1) materials, (2) labor, (3) land, and (4) financing.

3.11.1 Material Costs

A major component of the cost of housing is the cost of building materials, such as wood and wood-based products, cement, asphalt, roofing materials, and plastic pipe. Prices for these goods are affected primarily by the demand for such materials and by inflation. It is impossible to anticipate how demand and inflation will change, but if either or both increase, so will the overall cost of constructing new housing.

The costs of building materials in the Pacific Grove area do not differ significantly from surrounding Peninsula communities and, therefore, do not constitute a constraint to the development of affordable housing.

3.11.2 Cost of Labor

The cost of labor can be a constraint to housing production in Pacific Grove because builders must operate on a smaller scale. Vacant land in the city is located in small, scattered parcels rather than in the large tracts found in less developed areas. When developers build units one at a time, they lose the economy of scale that goes with building larger developments.

3.11.3 Land Costs

In very small developments or in areas where land is scarce, the cost of land can account for nearly half of the final sales price of new homes. The cost of land is affected by its location, its amenities, the availability of public services, and the financing arrangements made between the buyer and seller.

Because vacant land in the Pacific Grove area is scarce, its cost is higher than in other, less densely developed areas. In Pacific Grove, a vacant, 4,500 square foot lot with services already in place would cost approximately \$150,000 to \$175,000. The cost of land, therefore, is a major constraint to the production of low- and moderate-priced housing.

In addition to the cost of the raw land, new housing prices are affected by the cost of financing paid by the developers who are holding land while development permits are processed and while construction is taking place. The shorter the period of time that it takes a local government to process applications for building, the less the effect on the final cost of housing. Permit processing times are discussed earlier in this chapter in the context of governmental constraints on the development of affordable housing.

3.11.4 Cost and Availability of Financing

The cost and availability of financing affect the overall cost of housing in two ways. First, when the developer uses capital for initial site preparation and construction, and second, when the home buyer borrows to purchase housing.

The capital used by the developer is borrowed for the short-term at commercial rates, which are considerably higher than standard mortgage rates. Commercial rates nonetheless rise or fall with the overall market, so 2003's low interest rates should still have a positive effect on housing construction.

Because of the scarcity of developable land in Pacific Grove, the financing market is unique. Most residential development loans are for very small projects, so the availability of financing is not dependent on typical market-level considerations. Lenders instead evaluate loan requests on an individual basis, with the result that the availability of financing is less pertinent in Pacific Grove than in other markets.

The home buyer borrows money in the form of long-term mortgage loans. In 2003, market rates for standard 30-year home loans dropped below 6 percent for the first time in four decades. Of course, variations in interest rates affect the buyer's monthly mortgage payments and determine whether a household can afford to buy a home or not. Based on a 30-year, fixed-rate mortgage, and not including real estate taxes and home insurance, a family buying a \$240,000 home and taking out a \$200,000 mortgage loan will

pay \$1,200 per month if the interest rate is 6 percent, \$1,600 if the interest rate is 9 percent, and \$2,060 if the interest rate is 12 percent.

Similarly, the maximum loan affordable by buyers at various income levels will change, depending on the interest rate. Based on principal and interest equaling 25 percent of gross income, and not including taxes and insurance, which could add approximately 15 percent to monthly payments, a household earning \$40,000 per year could afford a loan of \$166,800 (and presumably a house costing \$200,000 if they make a 20 percent down payment) if interest rates are fixed at 6 percent. At 9 percent, they can only afford a loan of \$124,300, and at 12 percent, they can only afford a loan of \$97,300.

3.11.5 Total Development Costs

In summary, the cost of developing new housing in Pacific Grove remains quite high, due primarily to factors beyond the City's control. Land costs constitute a much higher proportion of housing costs in Pacific Grove than in other parts of Monterey County, despite availability of land for production of multi-family units and the City's allowance of smaller lot sizes. Construction costs are higher because of the smaller scale of production on the City's remaining infill lots. Although interest rates have fallen from their peaks in the 1980s, the cost of borrowing money for housing construction remains high. While the City has attempted to reduce costs through speedy permit processing and reasonable development fees, the major cost constraints on housing production (land, construction, and financing) remain outside of City control.

3.12 COASTAL HOUSING

Because part of Pacific Grove falls within the "coastal zone" as defined by the California Coastal Commission, the City must adhere to certain housing requirements above and beyond those required by State housing element law.

Government Code Section 65590 requires that housing units for low- and moderate-income residents be provided whenever possible, be protected where they currently exist, and be replaced when demolished. According to State law, each updated housing element must include a discussion of the jurisdiction's progress in implementing the coastal housing requirements.

There are two major parts to the coastal housing requirements: one for the provision of low- and moderate-income housing units in new developments, and one for the protection and replacement of existing housing units occupied by low- or moderate-income individuals.

3.12.1 New Construction

Whenever a developer constructs a residential project within the coastal zone, the local government must require the developer to provide, if feasible, a certain percentage of the units for low- or moderate-income households. It is up to each local government to decide what percentage of the units in coastal projects can be feasibly developed for low- and moderate-income households, depending on the type and size of the project. If the lower- and moderate-income units cannot be physically accommodated on the project site, they can be provided elsewhere within the same city or county, either within the coastal zone or within three miles of the coastal zone.

3.12.2 Demolitions and Conversions

The second part of the coastal housing requirements establish the general rule that conversion or demolition of existing dwellings occupied by low- or moderate-income persons or families will not be allowed unless provision is made for the replacement of those units. Another part of the statute modifies this basic rule by requiring replacement units only if feasible, where:

1. The existing units are located in a structure with only one or two units, or in a complex of buildings with 10 or fewer units.

2. The existing units are to be replaced by a "coastal-dependent" or "coastal-related" use that is consistent with an adopted Local Coastal Program.
3. There are fewer than 50 acres of vacant, privately owned land available for residential use within the coastal zone within the jurisdiction.
4. A community has an in-lieu fee housing program through which fees on coastal projects would achieve equivalent results.

3.12.3 Coastal Housing in Pacific Grove

Existing residential neighborhoods in the coastal zone include the Pacific Grove Retreat, a portion of the Pacific Grove Beach Tract along Mermaid Avenue, Monarch Pines Mobile Home Park, and Asilomar Dunes.

The Pacific Grove Retreat and the Mermaid Avenue neighborhood have special characteristics that the City wishes to preserve. The Retreat is considered a "special community" under Section 30253 of the Coastal Act. This section requires that the unique characteristics of special communities be protected. To meet this requirement, the City controls demolitions of historic buildings and exterior modifications to all buildings in this area. The City also intends to maintain the Mermaid Avenue area as an architecturally unique neighborhood with a village-like setting.

The Monarch Pines Mobile Home Park has been designated for mobile home park use in order to preserve this affordable housing community.

The City has approved the development of a 49-unit low income senior housing project on a site adjacent to Chase Park in the coastal zone.

Asilomar Dunes is only partially developed. In order to preserve the unique ecological features of the dune area, the City has adopted policies in its Local Coastal Program to restrict development to single-family dwellings on one-half to one acre lots. Secondary units are prohibited in this area by the LUP.

3.13 RESIDENTIAL ENERGY CONSERVATION

The State requires local governments to implement energy conservation standards for all new residential development. Every new residential building constructed must meet rigorous building standards for heat gain and loss. In mandating these requirements, the State has largely preempted the authority of local governments to regulate building construction with respect to energy conservation.

Because there is little vacant subdividable land in Pacific Grove, there is little opportunity for the City to require that new development patterns include energy conservation features and promote solar access.

Pacific Grove residents, however, have taken the initiative and participated in residential energy conservation programs sponsored by Pacific Gas and Electric Company. PG&E estimates that, from 1983 to 1992, between 30 and 40 low-income Pacific Grove households participated annually in the Direct Weatherization Program. Through this program, PG&E provides free comprehensive weatherization for low-income families. Overall, PG&E estimates that between 20 and 30 percent of Pacific Grove's homes have been assisted in some way by energy conservation programs, such as the earlier Zero Interest Program (ZIP), which until 1987 provided no-interest loans for weatherization and other energy conserving measures.

GOAL 5 Encourage energy efficiency in both new and existing housing.

POLICY 35 Require the use of energy conservation features in the design of all new residential structures and promote incorporation of energy conservation and weatherization features in existing homes.

Program KK Enforce state requirements, including Title 24, for energy conservation in new residential projects.

Objective: Energy conservation in all new units

Responsibility: City Council, Comm. Dev. Dept.

Time Frame: Ongoing

Program LL Post information on currently available weatherization and energy conservation programs.

Responsibility: City Council, Comm. Dev. Dept.

Time Frame: Ongoing

POLICY 36 Encourage the design of all new residential developments to take advantage of solar access, to the extent practical.

Program MM Encourage residential developers to employ additional energy conservation measures with respect to the siting of buildings, landscaping, and solar access.

Responsibility: City Council, Comm. Dev. Dept.

Time Frame: Ongoing

3.14 CURRENT AND PAST HOUSING PROGRAMS IN PACIFIC GROVE

Because of the nature of the City's housing stock, housing program activity in Pacific Grove has focused almost exclusively on rehabilitation. Between 1983 and 1987, the City applied for and received Small Cities Community Development Block Grants (CDBGs) from the California Department of Housing and Community Development (HCD). Grant funds have supported a substantial rehabilitation loan program and an emergency repair loan program. Figure 3-27 summarizes the grant amounts and the activities supported.

In 1986, \$44,000 from HCD's Deferred Payment Rehabilitation Loan Program was provided to supplement some of the City's rehabilitation loans. The City is making new rehabilitation loans from the proceeds of rehabilitation loans that have been repaid.

The 1998 Housing Condition Survey was carried out as part of an HCD Planning and Technical Assistance grant.

During the period 1994-2001 the City obtained four Planning and Technical Assistance grants totaling 128,000, and three General Allocation grants totaling \$1,500,000.

In addition to participating in these State-sponsored grant programs, the City has actively attempted to assure the retention of affordable housing in Pacific Grove through density bonuses and other conditions of approval.



Apartments on Lighthouse Avenue

The Housing Authority of Monterey County administers the Section 8 Rental Subsidy program in the Peninsula area. As of June 2003, 56 housing units in Pacific Grove were subsidized with Section 8 certificates and 11 with housing vouchers. Given the total number of units in the city, these totals represent a very small percentage of Pacific Grove's housing stock compared with other communities in Monterey County.

POLICY 37 Continue to work with the Monterey County Housing Authority in the administration of its housing programs.

Program NN Continue to investigate the use of financing techniques such as mortgage revenue bonds, mortgage credit certificates, or mortgage-backed securities to assist in the development and acquisition of affordable ownership and rental housing.

Objective: Report on the feasibility of these techniques for Pacific Grove

Responsibility: City Council, Comm. Dev. Dept., Housing Committee

Time Frame: Ongoing

Program OO Work with the Monterey County Housing Authority to increase the number of housing units in the Section 8 rental assistance program in Pacific Grove.

Objective: Provide rental assistance for approximately 40 additional very low-income households.

Responsibility: City Council, Housing Committee, Monterey County Housing Authority

Time Frame: Ongoing

Figure 3-27
Community Development Block Grants for Housing
Rehabilitation Program in Pacific Grove, 1983 to 2002

Year	Grant Amount	Units Rehabilitated	Emergency Loans
1983-84	\$205,000	8	9
1984-85	600,000	27	10
1985-86	600,000	28	8
1986-87	600,000	34	8
1987-88	0	9	7
1988-89	0	13	7
1989-90	0	6	7
1990-91	0	0	0
1991-92	0	1	0
1992-93	0	1	0
1993-94	0	3	0
1994-95	0	0	1
1995-96	0	10	2
1996-97	0	5	0
1997-98	0	5	1
1998-99	0	1	0
1999-00	\$500,000	3	0
2000-01	0	4	0
2001-02	0	8	3

Source: Community Development Department, 2002

3.15 THE HOUSING ELEMENT AND COMMUNITY GOALS

In developing the housing element, public participation has been encouraged through workshops and public hearings. Public hearing notices were circulated to housing advocacy groups in the city and region to ensure maximum involvement. The City's seven-member housing committee conducts monthly meetings at which public comments are welcomed on a broad range of housing issues.

POLICY 38 Monitor and report annually on progress in meeting housing goals.

The City will produce an annual report summarizing the City's housing-related activities for the preceding calendar or fiscal year, including the following information:

- A list of building permits issued, including specification of type of activity undertaken.
- A summary of grants and loans for new construction or rehabilitation, including specification of the income level of assisted households (*i.e.*, very low, low, moderate).
- Activities undertaken to implement the housing element.

Responsibility: City Council, Comm.
Dev. Dept.

Time Frame: FY 03-04; annually
thereafter

POLICY 39 Maintain consistency of the Housing Chapter with other chapters of the General Plan.

Program PP Review and revise the Zoning Ordinance as necessary to accomplish the following:

- Ensure consistency with the General Plan in terms of zoning districts and development standards.
- Ensure consistency with the General Plan in terms of the distribution and boundaries of zoning districts.

3.16 QUANTIFIED OBJECTIVES

Figure 3-25 summarizes Pacific Grove's quantified objectives for the period covered by the housing element (through July 1, 2007). These quantified objectives represent a reasonable expectation for the new housing units that will be developed and households that will be assisted between July 2000 and July 2007 based on the policies and programs outlined in this section, assuming that the economy improves and new sources of water are developed.

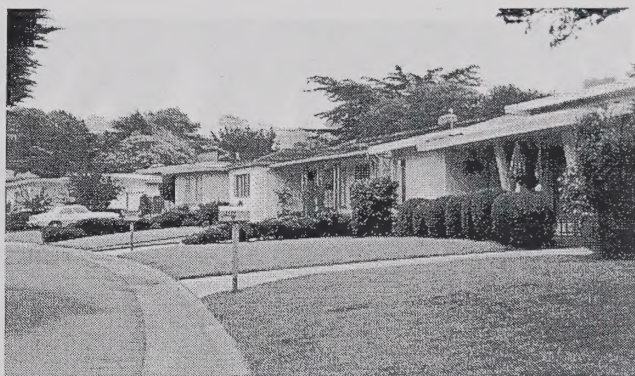
Figure 3-28
Quantified Objectives, July 1, 2000 to July 1, 2007

Type of Objective		Income Level			
		Very Low	Low	Moderate	Above Moderate
New Construction					
Program J	Density bonus	33	10	—	—
Program Z	Moderate-/above moderate-income housing	—	—	10	10
Program AA	Residential in commercial zones	—	10	—	10
Program DD	Low-income housing	10	10	—	—
Program I I	Secondary units	—	15	—	—
Subtotal		43	45	10	20
Rehabilitation					
Program H	Rehabilitation	15	15	—	—
Program DD	Accessibility for disabled persons	5	—	—	—
Subtotal		20	15	—	—
Conservation					
Program FF	Mobile Home Park zoning	—	103	—	—
Program JJ	Legalize existing secondary units	—	—	10	—
Program OO	Section 8	40	—	—	—
Subtotal		40	103	10	—

Source: Community Development Department, 2003



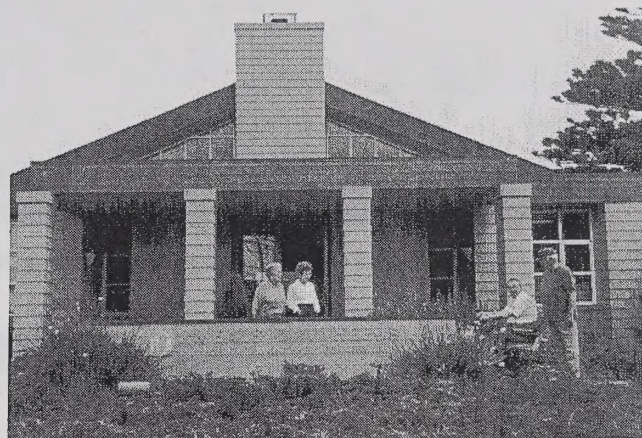
A trio of cottages



A single-family residential neighborhood



A single-family residence



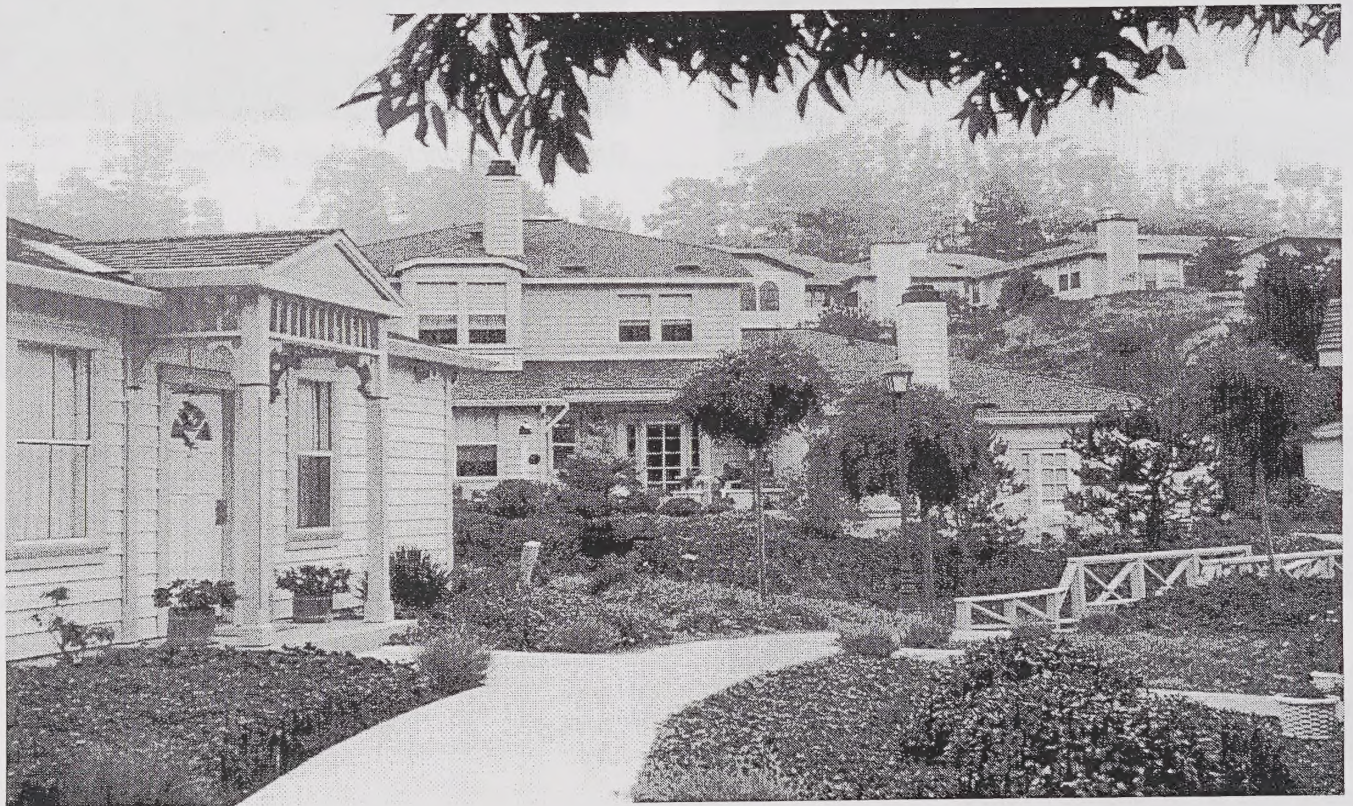
Gathering for lunch at Meals on Wheels



Apartments on Lighthouse Avenue



An example of Pacific Grove's many distinctive homes



A planned unit development in Pacific Grove



A cottage in the Pacific Grove Retreat



Figure 1: A large, faint, rectangular area, possibly a placeholder or a very faded image.



Figure 2: A large, faint, rectangular area, possibly a placeholder or a very faded image.

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